Washington state joins fight against AT&T takeover of T-Mobile

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FOR IMMEDIATE RELEASE
September 16, 2011

McKenna says merger means higher prices, fewer choices for mobile phone service

OLYMPIA — Washington State Attorney General Rob McKenna today announced that his office joined the Department of Justice (DOJ) lawsuit seeking to block a merger between AT&T and T-Mobile.

Washington state and six other states joined as plaintiffs an amended DOJ complaint, filed today in Washington DC, seeking to block the deal.

“This merger will result in less competition, fewer choices and higher prices for Washington state consumers,” McKenna said. “If the deal goes through, two companies will control roughly three quarters of mobile subscribers in the U.S. Antitrust laws exist to prevent such strangleholds over products and services.” The deal will add 34 million customers to AT&T's current 96 million, giving it a combined market share of 43 percent, well ahead Verizon’s 34 percent.

McKenna added that if the companies merge, wireless customers in the most populated parts of Washington state – including Seattle, Tacoma and Spokane – will be particularly impacted, as market concentrations reach levels normally viewed as uncompetitive.

Historically, T-Mobile plans have typically cost less per month than comparable AT&T plans, and the proposed merger raises serious concerns about higher prices many consumers might face as a result. The Yankee Group – a firm that provides market research about the wireless industry – last month produced an analysis of a potential merger, explaining that the results, “[D]ash cold water on the merger’s promise of benefiting consumers and competition; instead, we see this merger resulting in less choice and higher prices for T-Mobile's consumer and business customers.”

AT&T has responded to the DOJ lawsuit by saying that it needs additional spectrum – the licensed airwaves used to send wireless signals – in order to meet the growing demands of its customers. Demand for spectrum is increasing because of the popularity of smartphones and tablet computers. When available spectrum can’t keep up with demand, calls are dropped and Internet connections are slowed or severed. AT&T says the only way it can obtain more spectrum is to take over T-Mobile. However, it appears clear that AT&T has other viable options to obtain or develop the spectrum it says it needs.

The merger would also give AT&T a monopoly over Global System for Mobile (GSM) technology, the most popular technology for American consumers and businesses that require that their phones work internationally. AT&T and T-Mobile are the only major carriers to utilize GSM. After the deal, small and regional cell providers of GSM technology would be forced to negotiate exclusively with AT&T to provide services to their customers.

The federal government’s antitrust lawsuit was filed on Aug. 31 as several states, including Washington, were investigating the merger. The case now moves forward with the combined legal firepower of the federal government and antitrust lawyers from California, Illinois, Massachusetts, New York, Ohio, Pennsylvania, and Washington state.

MORE INFORMATION

* Amended complaint filed in U.S. District Court (PDF)

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