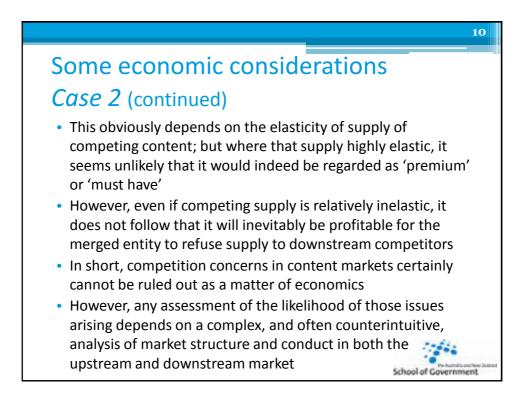
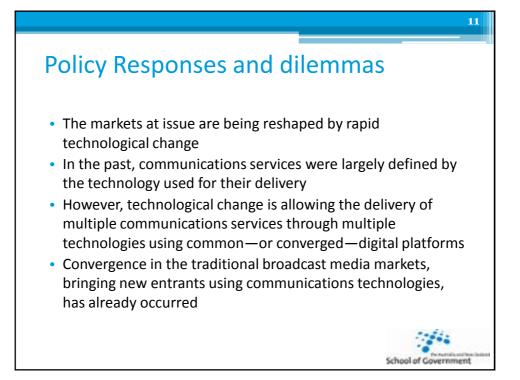


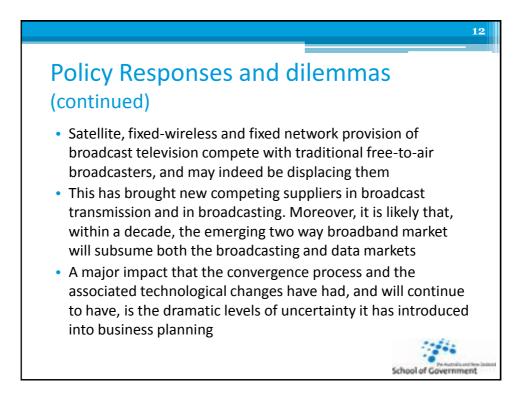
Some economic considerations Case 2–Market power downstream, and both upstream and downstream

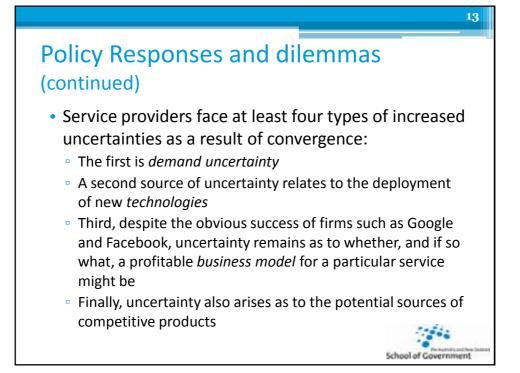
- Where upstream markets are competitive, and not inelastic in supply, it is extremely unlikely a downstream buyer could profitably monopolise these services
- Further, even if upstream supply is inelastic, leverage remains unlikely if at least some downstream firms are reasonably evenly matched
- In practice, competition authorities become most concerned when a merger between a downstream broadcaster and a provider of 'premium' content threatens the availability of that content to competing broadcasters

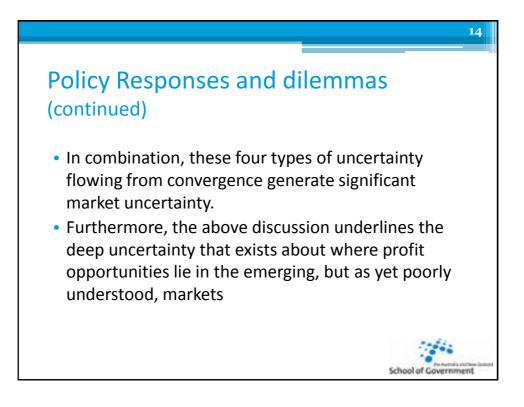
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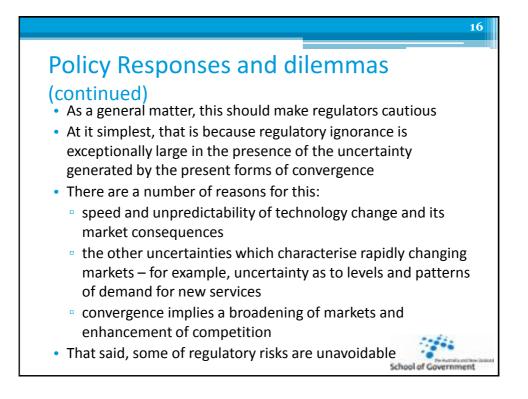












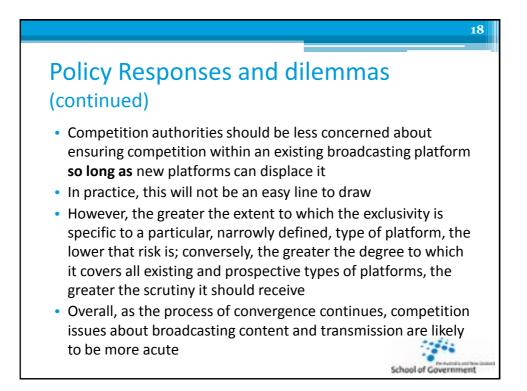
Policy Responses and dilemmas (continued)

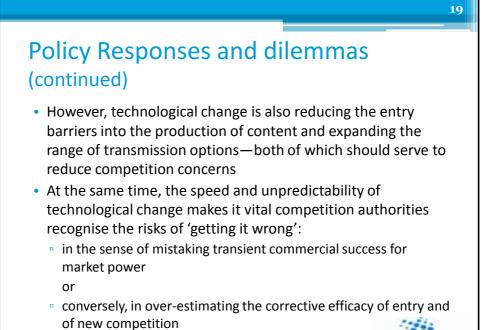
 It is useful to consider the paradigm of sequential innovation—in which market change occurs through relatively abrupt shifts from one form of supply to another

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- competition regulators should put a high priority on ensuring this process can continue—in other words, that new generations of supply can displace the existing generation
- Conversely, where competition issues essentially involve the rents accruing to established suppliers—the gain they make from any market power they may enjoy—that should be of somewhat less concern, so long as the manner in which those operators seek to secure or retain their rents does not undermine inter-generational competition





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