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Universal's £1.2bn bid for EMI approved

By Alex Barker in Brussels and Andrew Edgecliffe-Johnson in New York



Universal Music has finally won EU and US clearance for its £1.2bn bid for EMI's recorded music business, but only after the Vivendi-owned market leader was forced to sell off a third of the UK company behind The Beatles.

The green light on Friday ends Universal's fraught bid for regulatory approval and sounds the death knell on EMI's 80 years as an independent British company.

Universal will have about six months to auction EMI assets with annual revenues of £350m to £400m, with interest expected from rivals such as Sony Music, Warner Music, BMG Rights Management and independent label owners.

Lucian Grainge, Universal's chairman and chief executive, told the FT he would sell to the highest bidder, despite the industry's rivalries. "The only thing I'm interested in now is selling it at the best price," he said, adding that he hoped bidders would pay the same multiple or more as Vivendi paid.

While the Federal Trade Commission unexpectedly approved the deal without conditions, the European Commission imposed stringent terms that require Universal to sell two-thirds of EMI's business in Europe.

Joaquín Almunia, the EU's competition commissioner, said the original deal posed "very serious" antitrust problems and would have "allowed the company to impose higher prices" and stifle new digital music providers.

This opposition forced Universal to make more concessions than it had expected, including giving up EMI's treasured Parlophone label, home to Coldplay.

Mr Grainge said he was "delighted" to retain more than two-thirds of EMI's global business and reiterated the promise he made last November to find £100m of annual

savings.

Most of the Parlophone, Mute, Chrysalis and Co-op labels will be sold with associated global rights, sacrificing artists including Pink Floyd, Gorillaz and David Guetta. Classics and compilations businesses will go, as will EMI operations in 10 countries including France and Spain.

In negotiations with digital music providers such as [Apple](#) or [Spotify](#), Universal will no longer be able to demand a guarantee that it receives the best licensing terms.

The concessions, in relative terms, represent one of the biggest sacrifices ever made to win EU antitrust approval, but they did not satisfy rivals who wanted the takeover blocked.

Helen Smith of Impala, which represents independent labels, welcomed the restrictions on Universal but said she was considering a legal challenge because consumers “will ultimately pay the price” for the deal.

Charles Caldas, chief executive of Merlin, which negotiates digital rights deals for independent labels, criticised the US regulator for not demanding concessions. “The failure of the FTC to require similar if not more stringent remedies in the US market, where most digital services originate, gives [Universal] an open and unbridled path to controlling the shape and nature of the digital market,” he said.

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