

Microsoft says EU more attractive after UK blocks deal

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Microsoft plans to appeal Britain's rejection of its \$69-billion acquisition of video game maker Activision Blizzard, but it could presage difficulties with EU and US regulators.

Microsoft on Thursday said the European Union was "more attractive"

for businesses than post-Brexit Britain after the latter blocked its vast takeover of video game maker Activision Blizzard on competition fears.

Brad Smith, vice chair and president, made the remark one day after UK regulators prevented the \$69-billion deal for the maker of "Call of Duty" on fears it would hit cloud gaming and curb consumer choice.

It comes also as the deal awaits approval from the EU and United States, with some analysts saying Britain's block could already signal "game over" for the proposed acquisition should Microsoft and Activision fail to win an appeal.

"There's a clear message here: the European Union is a more attractive place to start a business if you want some day to sell it, than the United Kingdom," Smith told BBC radio following the ruling by the UK Competition and Markets Authority.

The CMA decision was "probably the darkest day" in Microsoft's 40-year presence in Britain, he added.

Questioned about whether it would affect Microsoft's future UK investment decisions, Smith replied that "it certainly will not help".

Responding, spokesman for Prime Minister Rishi Sunak insisted "the UK has an extremely attractive tech sector and a growing games market".

"We will continue to engage proactively with Microsoft and other companies," he added.

The CMA said its decision showed Britain was supporting competition and was "absolutely open for business".

Activision and Microsoft also argue the decision contradicted the UK insistence that the country remains a hub for global tech following its exit from the European Union at the start of 2021.

"For all of us who had some hope that, post Brexit, the UK would construct a structure that would even be more flexible, that would be better for investment, better for technology, we are now finding the opposite appears to be true," Smith said.

He added Microsoft was "optimistic" that EU regulators "will regard the very promises that the CMA has rejected, as far more appropriate".

Xbox-owner Microsoft launched its bid for Activision in early 2022 to create the world's third biggest gaming firm after China's Tencent and Japan's PlayStation maker Sony.

Activision's hit titles also include "Candy Crush" and "World of Warcraft".

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