

**Trinity plc/Mirror Group plc
and
Regional Independent Media Holdings Limited/
Mirror Group plc**

A report on the proposed merger situations



COMPETITION COMMISSION

**Trinity plc/Mirror Group plc
and
Regional Independent Media
Holdings Limited/Mirror
Group plc**

A report on the proposed merger situations

**Presented to Parliament by the Secretary of State for Trade
and Industry by Command of Her Majesty
July 1999**

Members of the Competition Commission as at 10 June 1999

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¹These members formed the Group which was responsible for this report under the chairmanship of Mrs D Kingsmill, together with Professor D G Treford, whom the Secretary of State appointed from the Newspaper Merger Panel.

Note by the Department of Trade and Industry

In accordance with section 83(3) and (3A) of the Fair Trading Act 1973, the Secretary of State has excluded from the copies of the report, as laid before Parliament and as published, certain matters, publication of which appears to the Secretary of State to be against the public interest, or which he considers would not be in the public interest to disclose and which, in his opinion, would seriously and prejudicially affect certain interests.

The omissions are indicated by a note in the text or, where space does not permit, by the symbol ✂.

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Part I

Summary and Conclusions

1 Summary

1.1. On 12 March 1999 the Secretary of State referred to us the proposed transfers of newspaper titles and related assets owned by Mirror Group plc (Mirror Group) to Trinity plc (Trinity) and to Regional Independent Media Holdings Limited (RIM) respectively. Our terms of reference are in Appendix 1.1. Mirror Group publishes both national, and regional and local newspapers. Trinity and RIM are publishers of regional and local newspapers.

1.2. We considered whether either of the proposed transfers would affect the accurate presentation of news and free expression of opinion. Both Trinity and RIM told us that they followed a policy of editorial independence for all their newspapers, and we found no evidence that led us to doubt this. Both companies also said that they intended to maintain *The Mirror's* current left-of-centre political stance. As we think there are strong commercial reasons for doing so, we do not believe that either transfer would affect *The Mirror's* political stance.

1.3. We considered whether the quality, or even survival, of Mirror Group titles would be affected by:

- (a) the fact that neither Trinity nor RIM had experience of managing national newspapers; or
- (b) financial pressures arising from either transfer, particularly the transfer to RIM, in view of its high level of gearing;

but we decided that there was unlikely to be a serious risk in either case. We therefore conclude that neither of the proposed transfers poses a general threat to the accurate presentation of news and free expression of opinion.

1.4. We examined the effects of each transfer on concentration of ownership of the press in the UK as a whole, in relevant regions of England and Wales, in Scotland, and in Northern Ireland. At the UK level we found that the transfers would give Trinity/Mirror Group a share of the circulation/distribution of all regional and local titles of 24.0 per cent and RIM/Mirror Group 17.2 per cent. However, we decided that these UK concentration figures had little relevance for competition because they added together circulation figures for titles serving different areas. We thought that diversity of the press would be adequately protected by editorial independence, except in Northern Ireland.

1.5. Neither transfer would create significant overlaps of regional and local titles in England and Wales. On the overlap between Mirror Group's national titles and the regional and local titles of Trinity and RIM in England and Wales, we think that the extent of competition between national titles on the one hand, and regional and local titles on the other, is too limited for this aspect of the transfers to be a matter of concern.

1.6. RIM has no titles in Scotland. Trinity owns mainly local weeklies and Mirror Group owns the *Daily Record* and *Sunday Mail* (which have Scotland-wide circulation) plus one free weekly. We think that the extent of competition between Scotland-wide daily and Sunday titles and local weeklies is limited and that a combination of the two would not be so attractive to advertisers as to threaten the survival of rival titles. Given that new entry by free weeklies is not difficult, we do not believe that the relatively small overlap between Mirror Group's weekly title and those of Trinity is a problem.

1.7. RIM has no titles in Northern Ireland. Trinity has the *Belfast Telegraph* (an evening daily), *Sunday Life* and a free weekly series. Mirror Group owns the *News Letter* (a morning daily), the *Derry Journal* (a paid-for bi-weekly) and some free weeklies. The *News Letter* has a distinctively unionist ethos. The *Belfast Telegraph*, although broadly unionist, takes a more middle-of-the-road political stance.

1.8. We think that the increased concentration of ownership that would result from the transfer to Trinity of Mirror Group's Northern Ireland titles would have the following public interest detriments:

- (a) If both the *Belfast Telegraph* and the *News Letter* were owned by Trinity, the majority of us think that convergence between the two titles would be likely to occur, leading to the loss of the *News Letter's* distinctive voice in representing unionist opinion. One of us, Charles Henderson, agrees that there is a real risk of losing the *News Letter's* distinctive voice but does not believe that it is sufficiently likely that he can have an expectation of it occurring. We all agree that this outcome, if it occurred, would threaten the adequate representation in the press of the range of political opinion in Northern Ireland.
- (b) Trinity/Mirror Group would have a 67 per cent share of advertising in regional and local newspapers in Northern Ireland. Such a high concentration would reduce competition for newspaper advertising, leading to higher costs for advertising in Northern Ireland than would otherwise be the case.

1.9. We considered carefully whether the proposed transfer to Trinity would threaten the future of *The Irish News*. If *The Irish News* were driven out of business as a result of the transfer, this would be a serious public interest detriment. However, on balance we do not believe that the risks are such that we can have an expectation of this detriment occurring.

1.10. We conclude that the transfer to RIM of Mirror Group's titles may not be expected to operate against the public interest. The transfer to Trinity of these titles would not operate against the public interest in England and Wales, or in Scotland, but may be expected to do so in Northern Ireland for the reasons given in paragraph 1.8.

1.11. We recommend that Trinity should be required to give undertakings to dispose of the *News Letter*, the *Derry Journal*, the *Belfast News*, the *North Down News*, the *Journal Extra*, and their related newspaper assets on terms acceptable to the Secretary of State if the proposed transfer of Mirror Group's titles goes ahead. These disposals should be within six months of the completion of any transfer to Trinity of the relevant titles.