

6 Views of third parties

Contents

	<i>Page</i>
Introduction	112
Newspaper groups and publishers	112
Alpha Newspaper Group.....	112
Nuneaton & District Newspapers Ltd.....	112
New Century Holdings Limited.....	112
Northcliffe Newspapers Group Limited	113
Scottish Media Newspapers Limited	114
The Irish News Limited	115
Advertising agencies.....	117
A leading advertising agency.....	117
A V Browne Advertising Ltd.....	119
Navigator Blue Limited	119
Associations and trade unions.....	119
British Association of Journalists	119
Chartered Institute of Journalists	120
Graphical, Paper & Media Union	120
Institute of Practitioners in Advertising.....	121
National Union of Journalists	122
Society of Editors	123
The Newspaper Society	123
Government departments and local authorities	124
Department of Economic Development, Northern Ireland	124
The Scottish Office—Education and Industry Department.....	124
Argyll and Bute Council	124
Birmingham City Council.....	124
Derry City Council	124
Newry Town Centre Management Partnership Ltd.....	125
Politicians and political parties.....	125
Mr Alex Attwood, Assembly Member for West Belfast.....	125
Mr Harry Barnes, Member of Parliament for North East Derbyshire.....	126
Mr P J Bradley, Assembly Member for South Down	126
Lord Fitt of Bell Hill	126
Miss Carmel Hanna, Assembly Member for South Belfast	126
Mr Kevin McNamara, Member of Parliament for Kingston upon Hull, North	127
Mr Séamus Mallon, Deputy First Minister (Designate) of the Northern Ireland Assembly	127
Mr Sean Neeson, Leader of the Alliance Party of Northern Ireland.....	127
The Reverend W Martin Smyth, Member of Parliament for Belfast, South.....	128
Ulster Unionist Party	128
Church leaders.....	128
The Roman Catholic Archbishop of Armagh.....	128
The Roman Catholic Bishop of Down and Connor	128
Very Reverend Canon John Kearney	128
Others	129
Mr T H Hill.....	129

Mr Tomas O Ceallaigh	129
Mr Feargal Logan	129
Dr Vincent McKee	130
Mr David Montgomery	130
Mr Joseph Tunney	133

Introduction

6.1. In this chapter we summarize the evidence put to us by third parties in their written submissions and at hearings we held with a number of them.

Newspaper groups and publishers

Alpha Newspaper Group

6.2. Alpha Newspaper Group (Alpha) said that a merger between Trinity and Mirror Group would be disastrous for the press in Northern Ireland as well as being damaging to small newspaper groups such as itself. The merged group would monopolize advertising income in Ulster. In Belfast it would control the two pro-British daily newspapers as well as *The Mirror* and eight free weekly newspapers. The only independent newspaper in Belfast would be *The Irish News*, a nationalist newspaper. The merged group would have a monopoly of all unionist newspapers in Belfast. It would dominate both daily and weekly newspapers in the North-West of Northern Ireland and in Londonderry. Only one weekly newspaper outside the control of the monopoly would exist in the North-West, the *Londonderry Sentinel*, which would suffer as it would be unable to compete for advertising against the merged group, which could offer an all-in advertising package. Alpha would not object to the proposed merger between Trinity and Mirror Group if it were conditional upon the exclusion, and thus sale, of both the *Derry Journal* and the *News Letter*.

6.3. Alpha did not object to the proposed merger between Mirror Group and RIM as it did not have the same implications for the Northern Ireland market as the Trinity/Mirror Group merger.

Nuneaton & District Newspapers Ltd

6.4. Nuneaton & District Newspapers Ltd (NDN) recognized the commercial benefits of the proposed mergers. However, it saw the continued erosion of small independent players in any market as detrimental to the public interest. All three organizations concerned had developed their businesses through acquisitions, denying local communities the opportunity of having a truly local publication.

6.5. Local newspapers operated by people from within their own community had always been able to represent local needs and involve local people, recruit local staff, and generate training opportunities for local students and inject revenue back into their community.

6.6. NDN saw both proposed mergers as detrimental but believed RIM, as the smaller group, to be the preferable option.

New Century Holdings Limited

6.7. New Century Holdings Limited (NCH), a communications group with interests in publishing and public relations, objected to the proposed acquisition of Mirror Group by Trinity. It said that the acquisition was against the public interest and would reduce competition for readers and advertisers in Northern Ireland. It also said that the balance of expression of political opinion in Northern Ireland would be adversely affected if the diversity of opinion in the press was reduced. The uncertain

political climate in Northern Ireland needed the diversity and independence of editorial policy which NCH feared would be seriously damaged by Trinity's proposed takeover of the *News Letter*.

6.8. NCH said that the *News Letter* represented the broad range of unionist opinion within Northern Ireland in editorial policy in news, features and the normal standard of reporting in a regional or national newspaper. It reflected all critical opinion and gave a large degree of attention and space to the Ulster Unionist Party, the Democratic Unionist Party, the UK Unionist Party and the other small fringe groups that existed within Northern Ireland. It was an important mouthpiece for the Orange tradition and had acted as a safety valve for that community over issues such as the Drumcree marches. Mirror Group had recognized the *News Letter's* position in Northern Ireland's unionist society and had not attempted to influence the present editor, who moved within the unionist community. The *Belfast Telegraph* tended to represent centrist, alliance political opinions within Northern Ireland and that was an important difference between the two titles. The *Belfast Telegraph* did not offer the same diversity of expression as the *News Letter* did to an important section of Northern Ireland political society. Trinity had wanted to acquire a morning newspaper for a number of years. If the merger went ahead, NCH feared that it would eventually replace the *News Letter* with a newspaper similar to the *Belfast Telegraph*.

6.9. NCH did not believe that behavioural remedies would protect the public interest should the merger be permitted. Undertakings to preserve editorial independence would be given by the parties but were unlikely to work in the long term. Whilst changes to editorial control would not happen overnight, they would take place as part of a creeping process over a period of five years or so. The *News Letter* would be lost to the unionist community as an outlet for its views. At present Northern Ireland had a good balance of expression of political opinion: it had more newspapers, more media, more freedom of expression, or channels for freedom of expression than probably anywhere else in the UK. This would cease to be the case if the merger went ahead. NCH considered that Trinity should be required to divest the *News Letter* as a condition of the merger going ahead. In that event NCH would put together a consortium bid to buy it, and possibly the *Derry Journal* as well if that was also included in the divestment condition and deemed a sensible commercial proposition.

6.10. NCH believed that if the merger were allowed to proceed with a full takeover of Century and especially the *News Letter* morning title, the resulting dominance in the Northern Ireland market place would be a significant barrier to entry. Trinity/Mirror Group would have control of the main local morning title and the only local evening newspaper in Northern Ireland, which would make it financially and commercially very difficult if not impossible for a new entrant to establish a new morning newspaper.

6.11. NCH had no objection to the proposed merger with RIM. RIM owned no titles in Northern Ireland and the merger would therefore have no impact on competition in that market.

Northcliffe Newspapers Group Limited

6.12. Northcliffe Newspapers Group Limited (Northcliffe), a regional newspaper group, said that key developments in digital technology had blurred the boundaries between media products and services and the means of delivery in a way which made the consolidation of regional press groups inevitable.

6.13. Technological advances were changing the means whereby people were able to access information. Changes in the type and range of media in which advertisements could be placed were also changing the nature of competition for advertising revenue and audiences between media.

6.14. Northcliffe had no objection in principle to either of the proposed acquisitions. It believed that editorial independence and integrity was the only way for regional newspaper publishers to maintain the value of titles in the face of competition from individual, local, national and international news delivery media. Offering advertisers value for money and a range of publications and media to suit their needs was the only way to be commercially successful given the rapid changes taking place in all forms of national and local advertising. A commercially strong regional press, able to invest sufficiently in technology, editorial, advertising and promotion, could only be achieved by consolidation of companies.

Scottish Media Newspapers Limited

6.15. SMN is a wholly-owned subsidiary of SMG, a media group with a range of broadcasting and publishing interests in Scotland. SMN publishes *The Herald*, the *Sunday Herald* and the *Evening Times* newspapers. SMG owns the entire share capital of two regional Channel 3 licence-holders: Scottish Television Limited in central Scotland; and Grampian Television in north Scotland. SMG has recently launched a second digital terrestrial television service, S2, in central and north Scotland.

6.16. SMN was concerned about the impact that a merger between Mirror Group and Trinity would have on competition for newspaper advertising in Scotland, particularly in Strathclyde. The merged entity would be the strongest newspaper group in Scotland, bringing together Mirror Group, which is the proprietor of the leading Scotland-wide morning paid-for title (the *Daily Record*), and Trinity, which is the leading publisher of regional/local titles in Scotland. In particular, in Strathclyde the merged group's titles would achieve penetration levels of 81 per cent, and account for over 50 per cent of circulation/distribution of local weekly titles and 66 per cent of circulation of Scotland-wide titles in Strathclyde.

6.17. Consequently, the new group would be able to offer unbeatable coverage to newspaper advertisers variously seeking to target readers throughout Scotland and/or readers in individual Scottish regions, particularly Strathclyde. In practice, SMN and other publishers of regional/local newspapers in Scotland would be unable to compete effectively with the Mirror/Trinity 'one-stop shop'. SMN noted that many advertisers chose to use a combination of Scotland-wide daily and Sunday titles, plus local weeklies. SMN drew our attention to data produced by MMS which showed that some 32 per cent of advertisers in the *Daily Record* in 1998 also advertised in a group of ten local weeklies (three of which belonged to Trinity), and that these accounted for some 64 per cent of the *Daily Record*'s total advertising revenue.

6.18. SMN said that in Strathclyde the merged group would be much stronger than any of its competitors, controlling the dominant Scotland-wide daily and Sunday newspapers (the *Daily Record* and the *Sunday Mail*), the leading free title in the region (*The Glaswegian*), and a wide range of other regional and local titles owned by Trinity. This would mean that advertisers targeting Strathclyde would have little option but to use the merged group's titles, and would be further deterred from using non-Trinity/Mirror titles by the perceived inconvenience of dealing with multiple publishers.

6.19. Given that the Strathclyde area accounted for around half of Scotland's population, any anti-competitive consequences of the merger in Strathclyde could be expected to have repercussions for competition for newspaper advertising in the rest of Scotland. This was because:

- (a) most advertisers in Scotland sought exposure in Strathclyde;
- (b) for reasons set out above, those advertisers would, to all intents and purposes, be compelled to use the merged group for advertising in Strathclyde; and
- (c) with its firm foothold in Strathclyde, the merged group could expect to 'mop up' advertising revenue for other Scottish regions through a combination of Mirror Group's Scotland-wide titles and Trinity's network of local titles outside Strathclyde. Advertisers would therefore be inclined to use the merged group for all their newspaper advertising requirements in Scotland.

6.20. SMN said that it stood to lose a significant part of its advertising revenue as a result of the merger, as some 50 per cent of its total advertising revenue was drawn from advertisers which currently used SMN's titles in combination with a number of town newspapers (and which would therefore be attracted to the 'one-stop shop' offered by the merged group). The merger would therefore restrict or otherwise distort competition in the sale of newspaper advertising services in Scotland in general, and Strathclyde in particular. So far as SMN was aware, neither Mirror Group nor Trinity needed the merger to ensure effective entry into, or continued viability in, any media market or sector in Scotland; Mirror Group and Trinity were each sufficiently strong in their own right to go it alone.

6.21. Consequently, SMN considered that the merger could be expected to operate against the public interest by conferring on the merged group a dominant position for the supply of newspaper

advertising, particularly in Strathclyde. The effects of the merger on newspaper advertising would significantly weaken the ability of other newspapers in Scotland to compete for advertising revenue. Accordingly, it would give the merged group increased opportunity to adopt sales practices which might be expected to have a detrimental effect on its customers, competitors, and consequently on the public interest.

6.22. As regards possible remedies, SMN said that given the demographic significance of Strathclyde, appropriate divestment of the merged group's titles circulating or distributed in Strathclyde would ease its concerns about the effects of the merger both in Strathclyde and Scotland-wide. In SMN's view, effective competition in the newspaper advertising market in Strathclyde required at least three credible publishers of weekly local newspapers of comparable strength. At present, three such publishers existed: Trinity with a 32 per cent share of the market, Mirror Group with 18 per cent and Eastern Counties with 26 per cent. Accordingly, SMN's concerns about the merger would be remedied if it were a condition of approval of the merger that:

- (a) the parties divest any combination of *The Glaswegian* and/or Trinity's weekly regional/local Strathclyde titles, such that Mirror/Trinity's post-merger share of circulation/distribution of weekly regional/local titles did not exceed 25 per cent; and
- (b) Eastern Counties was prohibited from purchasing any such regional/local titles divested.

6.23. SMN suggested that the most suitable Trinity titles for divesting were those which circulated in the greater Glasgow area, where there was the most significant overlap with *The Glaswegian*, namely: *Clyde Weekly News*, *Dumbarton and Lennox Herald*, *East Kilbride News*, *Glasgow East Independent*, *Hamilton Advertiser*, *The Irvine Herald*, *Kilmarnock Standard*, *Lanarkshire World Series*, *Paisley Daily Express*, *Renfrewshire World*, *The Rutherglen Reformer* and *Wishaw Press*.

6.24. SMN added that these measures would ensure that the merged group's overall position in Strathclyde after the merger would be largely unchanged from that at present, as there would be no significant additional ability to offer advertisers unassailable 'one-stop shop' coverage in Strathclyde.

6.25. SMN said that it had no concerns about RIM's proposed merger with Mirror Group.

The Irish News Limited

6.26. *The Irish News* is an independent family-owned business in Northern Ireland employing around 130 people. It represents the nationalist viewpoint and its readers are predominantly from the Catholic community. It said that it competed with national and multinational publishing and media groups in the most competitive daily newspaper market in the UK. The political and cultural divisions in Northern Ireland had given rise to a diversity of editorial opinion in local newspapers, which was unique in the UK. Belfast was the only city in the UK in which three paid-for local daily newspapers were published. A total of 19 paid-for daily titles from the UK and the Republic of Ireland were currently on sale in Northern Ireland.

6.27. *The Irish News* was strongly opposed to a takeover of Mirror Group by Trinity, as this would place Trinity in an overwhelmingly dominant position in both the advertising and newspaper sales markets within Northern Ireland. Such a dominant position would be calculated to drive competitors out of business, thus increasing market share to unacceptable levels and reducing diversity in the market place. Experience had shown that promotional muscle, audience reach, series advertising rates, control of contract printing resources, control of the labour market and the predatory use of cover price were all possible practices that could be employed in this process.

6.28. Such would be the power of Trinity's operations in Northern Ireland that even major groups such as News International and Associated Newspapers, which had contract printing agreements for regional editions with the *Belfast Telegraph*, could be expected to find it difficult to compete. The existence of smaller players which currently operated in the existing market would be very seriously threatened.

6.29. *The Irish News* emphasized that it had no immediate concerns about newspaper sales. Its cover price had been increased regularly, sales had risen and its market share had increased. Aggressive promotions by *The Sun* and *The Mirror* in 1999 had had no impact on its sales. Sales of *The Irish News* had been rising whilst those of the *Belfast Telegraph* had been declining, despite the fact that *The Irish News* now sold at 35p and the *Belfast Telegraph* at 28p. Clearly, however, the scope for further price rises was limited. *The Irish News* said that half of its revenue came from advertising sales and the reach of Trinity/Mirror Group, in conjunction with the use of series advertising rates, would destroy this part of its business to the extent that it would no longer be financially viable. To reinforce this very real danger, *The Irish News* provided evidence of the way in which major publishing groups in Northern Ireland were already using combinations of titles and heavy discounting to take business from *The Irish News*, or to force advertisers to run advertisements in more than one newspaper. *The Irish News* argued that this was only the tip of the iceberg and that the use of these types of practices would intensify under a new Trinity/Mirror Group company and would be used to put *The Irish News* and others out of business, before presenting advertisers with regular and unjustified rate increases.

6.30. In the context of the sensitive political situation in Northern Ireland, editorial diversity and freedom of editorial expression were features of the local daily press that were of the utmost importance. A Trinity-controlled Mirror Group would have so much control of the market in Northern Ireland that the continued existence of *The Irish News* would be fundamentally threatened. As a result, the only voice of constructive nationalist opinion would disappear and no other title would be in a position to take its place. The proposed group would also control both the *Belfast Telegraph* and the *News Letter* and—despite any guarantees that might be offered—this would inevitably lead to the loss of the *News Letter's* important and independent stance as a leader of unionist opinion.

6.31. In the aftermath of a takeover, the new organization would dominate the markets for national and local display and classified advertising. Advertisers would be unable to resist regular, hefty and potentially unjustified rate increases, as there would be no effective competition. National advertisers would also suffer as the joint approach by the *News Letter* and *The Irish News* to advertising agencies in London would disappear.

6.32. *The Irish News* and the *News Letter* had, in recent years, undertaken joint initiatives to promote peace and reconciliation in Northern Ireland. For example, the two newspapers had engaged in joint campaigns in support of the Good Friday agreement and on the Drumcree parade. On a number of occasions, Trinity-owned titles were invited to participate in these joint initiatives but had refused to do so. *The Irish News* believed that if Trinity were to acquire the *News Letter* this process would end. Even if *The Irish News* survived in a market controlled by Trinity, the direct commercial rivalry between Trinity titles and *The Irish News* would rule out this type of cooperation. It was seriously concerned that, if the Trinity bid was successful, the financial and commercial pressures which would be imposed on *The Irish News* would render such cooperation impossible. This might be expected to operate against the public interest on the grounds that a cross-community instrument for positive change in Northern Ireland would be lost.

6.33. As regards employment, *The Irish News* believed that part of the rationale for Trinity's bid for Mirror Group was based on operating efficiencies and cost savings. This would result in job losses, not only among staff of the *News Letter* and the *Belfast Telegraph*, but also in the wider newspaper industry. If the financial viability of *The Irish News* (and other smaller titles) was threatened, then further job losses would inevitably follow. Such job losses would be particularly severe in Northern Ireland given the limited size of the newspaper industry and the prevailing unemployment rates in the Province.

6.34. *The Irish News* said that a Trinity-controlled Mirror Group would hold a share of more than 75 per cent of the display advertising market. (If the classified advertising market was added, Trinity's overall market share increased significantly.) At present, because of the *Belfast Telegraph's* dominant position, the *News Letter* and *The Irish News* were cooperating in selling national display advertising in competition with the *Belfast Telegraph*. Such cooperation would end if the *News Letter* and the *Belfast Telegraph* were in common ownership. As a result, *The Irish News*, acting alone, would find it extremely difficult to attract significant national advertising revenue. Since 50 per cent of *The Irish News's* revenue came from advertising, this would seriously threaten its financial viability. As a result of the merger, *The Irish News* feared that its entire advertising revenue base (local and national) would

be threatened and it would lose 45 per cent of its advertising revenue and would cease to be profitable. *The Irish News* was of the view that if Trinity acquired Mirror Group, such dominance in the advertising market might be expected to operate against the public interest on the grounds that it would reduce competition for advertisers.

6.35. *The Irish News* said that the Commission should reject any undertakings offered by Trinity to preserve the present editorial policy of the *News Letter*, and maintain distinct editorial and advertising sales departments in the *News Letter* and the *Belfast Telegraph*. The current policy of both Mirror Group and Trinity to sell across all titles demonstrated that any such undertakings would be worthless. *The Irish News* pointed out that similar undertakings were offered by TRN in its 1989 bid for Century Newspapers and the MMC in its report considered that such undertakings did not meet its concerns about competition and free expression of opinion. However, if the Commission was minded to consider what conditions might be attached to the Trinity bid in order to prevent the transfer from operating against the public interest, *The Irish News* would urge the Commission to recommend that Trinity should divest itself of the *Belfast Telegraph* and the *Sunday Life* upon completion of the acquisition of the Mirror Group. This was the only sure way to guarantee that the public interest would be protected following such an acquisition. A recommendation that Trinity should divest itself of the *News Letter* and/or the *Derry Journal* only would not be sufficient since Trinity would still have an unacceptable dominant position in Northern Ireland.

6.36. *The Irish News* said that it had no objection to the acquisition of Mirror Group by RIM on the ground that, since RIM currently did not own any newspaper titles on sale in Northern Ireland, the balance of ownership in the Northern Ireland market would remain unchanged.

Advertising agencies

A leading advertising agency

6.37. A leading advertising agency with experience in the Northern Ireland market said that it was deeply concerned about the possible acquisition of Mirror Group by Trinity. It highlighted the following factors which, it said, had contributed to its reaching this conclusion:

- (a) the need to retain a vibrant newspaper market in Northern Ireland which provided a range of opinions on matters of public concern and which was accessible at competitive rates to Northern Ireland advertisers, especially on the threshold of a new political, social and economic dispensation;
- (b) the merger of Mirror Group and Trinity would bring together the largest and second largest newspaper group of titles in the Northern Ireland market;
- (c) in its experience, Mirror Group, under separate ownership, had revitalized competition for readers and advertisers in the Northern Ireland market over the last two to three years;
- (d) it would be disadvantageous to local consumers and advertisers for this process to be potentially halted by the creation of what in Northern Ireland terms would be a new and totally dominant newspaper group; and
- (e) the overall effect on employment prospects in the local communications and marketing industry caused by centralized ownership and a lack of competitive vibrancy.

6.38. The agency said that potentially the merged group could close down *The Mirror* and the *News Letter* operation in Belfast and centralize editorial, printing, promotional and advertising functions into Trinity's existing Belfast site. It could also terminate publication of the *East Belfast News* and *North Down News*. Since giving evidence the *News Letter* had relaunched the Monday to Friday Belfast *News Letter* as *The Belfast News* (a weekly and more substantial free title). The *East Belfast*

News had been folded into *The Belfast News* and was therefore no longer published. The *North Down News* remained.

6.39. The agency said that in submitting these views it was also expressing the views and interests of its clients. It said that one of the most important roles of advertising was to provide the consumer with free and abundant choice. Its business was essential to the working of the economic system in a free society. Thus, it was naturally disposed to be concerned with developments which might conspire against consumer freedom.

6.40. There was a discrete and distinct market for newspapers in Northern Ireland; rather like Scotland or Wales, Northern Ireland had some unique market characteristics, such as: weaker penetration of British national titles; a strong Northern Ireland daily, Sunday and weekly market; and low penetration of Republic of Ireland titles.

6.41. In the local daily market, the *Belfast Telegraph*, as the only evening newspaper, remained the highest circulation at 129,204. The agency was aware that home-delivered circulation was in decline—down to around 60,000 from a high point of 75,000 some three years ago. With a revitalized product much of this decline could be halted or reversed. There was concern that by buying its major opposition, the *Belfast Telegraph* might be allowed to avoid the key issue—the need to invest in its brand. There was no question of the title's continued profitability; it was the 'cash cow' of the Trinity group, and it could afford to invest in itself, rather than buy other titles. *The Irish News* had increased circulation markedly. The increase was due to a long-termist management approach, quality of editorial product and investment in the brand—proof that local titles could grow amidst national competition. The *News Letter*, after a period of sharp decline, had begun to hold on to its readers as a result of a more robust editorial stance. As regards the local Sunday newspaper market, the agency felt that, overall, there was less of a risk that the new group would prevent innovation. In particular, there was room in this market for at least one mid- to up-market local Sunday title.

6.42. The agency observed that the daily newspaper market in Northern Ireland had to a considerable extent delivered tribal newspapers in a context of tribalized local politics. Advertisers had had to maintain extreme sensitivity to the nuances of local readership. Even some national titles such as *The Sun* and *The Mirror* reflected these divisions. The continuation of separate ownership of the three titles (the *Belfast Telegraph*, *The Irish News* and the *News Letter*) helped safeguard a plurality of political views. The imminent devolution of powers to a Northern Ireland Assembly would create expanded opportunities for political reporting; this would increase rather than decrease the need for local titles responding to political needs.

6.43. The agency said that in the last few years, Mirror Group had brought local advertisers the benefit of more competitive rates, to which the Trinity titles had responded with better rates. Local advertisers had benefited from this competition. The role of Mirror Group in this market added to the possible danger arising from a merger. Mirror Group had developed a portfolio of titles which, by themselves, offered strong competition to the dominance of the *Belfast Telegraph* stable. However, as part of the new group, local readers would see some 81 per cent of Northern Ireland daily circulation, and around 85 per cent of daily display advertising revenue, in the hands of one group. A Trinity/Mirror Group advertising package would reach 65.5 per cent of Protestants and almost 65 per cent of Catholics. The addition of *The Irish News* would increase the reach to 65.6 per cent of Protestants and 72.5 per cent of Catholics. The agency suggested that this would, if anything, produce an overdelivery on readership in the Catholic community. A Trinity/Mirror Group package would seriously undermine the unique role of *The Irish News* on existing advertising schedules. *The Irish News* was used as a significant recruitment title because of its reach into the Catholic community. If it lost this role its survival would be in doubt. As to the extent to which other media provided competition for advertising, it said that apart from Ulster Television, which was facing fragmented audiences, no other media could rival newspapers. Specialist publications were less well developed in Northern Ireland than in Great Britain and new media were unlikely to have more than peripheral significance for some time.

6.44. The agency believed that if Trinity were to acquire the Mirror Group titles, there would be a significant reduction in competition for advertising. It was therefore of the view that the acquisition would not be in the interests of consumers and advertisers in Northern Ireland and, for this reason, RIM would be the preferred buyer.

6.45. Asked to comment on possible remedies, the agency said that if the merger between Mirror Group and Trinity were allowed to proceed, then the new group should be required to dispose of either all Mirror Group titles or all Belfast Telegraph Newspapers Ltd titles in Northern Ireland. Disposal of the *News Letter* alone would make little difference to the potential monopoly represented by the merger of Trinity and Mirror Group.

A V Browne Advertising Ltd

6.46. A V Browne Advertising Ltd, a Belfast-based advertising agency, welcomed the acquisition of Mirror Group if it would lead to increased financial investment in the group's newspaper products. However, in Northern Ireland where Trinity was already dominant in newspaper ownership, the inclusion of Mirror Group titles would lead to a concentration of ownership which could be anti-competitive and reduce editorial independence.

6.47. A V Browne Advertising Ltd opposed a merger between Trinity and Mirror Group in Northern Ireland unless there were a number of safeguards put in place that ensured continued editorial freedom and ongoing competition for advertising and circulation.

Navigator Blue Limited

6.48. Navigator Blue Limited was concerned that a takeover of Mirror Group by Trinity without adequate safeguards or arrangements could lead to a possible reduction of choice for readers and advertisers in Northern Ireland. This could be detrimental to competitive activity and to readers' and advertisers' interests. It was also concerned that a concentration of ownership of such magnitude could precipitate (unnecessarily) a reduction of reader and advertiser options which would be against the market interest. Navigator Blue Limited said that its concern about the proposed merger would stop short of outright opposition to it, provided the necessary enforceable arrangements or structures were put in place to maintain the current viable options and prevent a coordinated monopolistic sales policy arising.

Associations and trade unions

British Association of Journalists

6.49. The British Association of Journalists (BAJ) believed that any merger between Mirror Group and Trinity or RIM was against the public interest and would diminish the diversity of press ownership, to the detriment of editorial freedom and democracy.

6.50. Trinity was already the largest regional publisher with 120 titles. RIM was the sixth largest with 34 titles. Mirror Group itself was the fourth largest regional publisher with 44 titles. Concentration of press power in the hands of fewer and fewer newspaper companies was against the public interest.

6.51. The BAJ said that whilst Trinity and RIM claimed they would not interfere with the editorial freedom of any Mirror Group publication, corporate decisions would be made concerning financial matters which would affect the money available for editorial budgets, modernization, circulation campaigns and distribution structures. Corporate decisions in an enlarged company would, without any apparent editorial interference, have a drastic effect on the editorial standard of Mirror Group titles.

6.52. The BAJ said that Mirror Group did not need to merge with anyone. It had been a successful stand-alone company for many years with three national titles, two Scottish dailies and a national racing title. In recent years it had improved its position with the addition of regional titles and television interests. The group was financially healthy, robust and secure. The only dark cloud over its national titles was a continuing decline in circulation, which was unlikely to be addressed by the pro-

posed merger. Severe editorial cost-cutting had been a factor in Mirror Group life since 1985 and all Mirror Group national circulations had been in decline during this same period. The BAJ believed that the two were linked and that further cost-cutting would be inevitable if any merger took place.

6.53. The BAJ said that newspaper companies were unique within the business world. Whilst they needed to create enough profit for regeneration and expansion and to pay shareholders reasonable dividends, they must also defend justice, fair play and democracy within society both locally and nationally. Newspapers informed and enlightened not just as a commercial activity but also as a moral and ethical imperative. Those moral and ethical considerations were particularly important within Mirror Group, whose national titles were the only newspapers that traditionally had supported the Labour Party. Anything which diluted that commitment could undermine democracy in Britain.

Chartered Institute of Journalists

6.54. The Chartered Institute of Journalists did not oppose the proposed mergers but deplored the prospect of too many newspapers falling into too few hands. It thought the growing trend of treating newspapers in the same way as any other market product was alarming and dangerous within a democratic society. However, if a merger was the only way of preserving titles and sustaining jobs it was preferable to closure and the resulting unemployment.

6.55. The Chartered Institute of Journalists said that Trinity had a better reputation in the industry than some newspaper groups and the welfare of a large number of titles covering a vast area of the population was probably safer in its hands than with another group.

Graphical, Paper & Media Union

6.56. The Graphical, Paper & Media Union (GPMU) currently represents over 2,000 of its members employed within Mirror Group, Trinity and RIM. It was concerned about the possible takeover of Mirror Group by either Trinity or RIM, and it believed that allowing either of the proposed mergers to proceed would not be in the public interest. Either merger had the potential to seriously harm press diversity and competition and to threaten the public's right to a variety of political opinion and information. Also, either merger would create a huge new group capable of stifling competition and further increasing the concentration of ownership of regional newspaper titles, which already restricted the public's choice. Both proposed mergers threatened to undermine and dilute the political stance of the only Labour-supporting national tabloid newspaper in Great Britain, and further increase the inherent bias towards the Conservative Party.

6.57. The GPMU said that Mirror Group currently owned a considerable number of regional newspapers. This sector was often wrongly regarded as being secondary and peripheral to the national newspaper sector, but the regional press had proved itself to be at the forefront of delivering news to the population. A great deal of consolidation had taken place within the regional newspaper industry over recent years with companies attempting to increase their market share and cut overlapping production costs.

6.58. The current sizes of Mirror Group, Trinity and RIM meant that any merger would have a considerable effect upon concentration of ownership within the regional newspaper sector. Trinity was currently the largest regional newspaper group in Great Britain; RIM was ranked sixth and the Mirror Group regional newspapers section was ranked fourth. A merger between Trinity and Mirror Group would give the new group a weekly circulation of almost 12.7 million, making it the largest newspaper publisher in Great Britain. Similarly, a takeover of Mirror Group by RIM would create the largest print media company, and also one of the biggest regional newspaper companies.

6.59. The GPMU said that the proposed takeover of Mirror Group by either Trinity or RIM also raised issues regarding the retention of a democratic and representative newspaper sector. The first issue concerned a reduction in press diversity due to the increasing concentration of newspaper ownership within fewer companies, and the second concerned the one exception to the almost uniform political stance of newspaper company proprietors.

6.60. The continuing concentration of ownership within the regional newspaper sector had serious implications. A fundamental requirement of a healthy democracy was diversity and pluralism within the press; both would be undermined by a concentration of more of the press in the hands of fewer and bigger companies. This structural condition had already been strengthened by recent consolidation within the regional newspaper sector. The negative impact on competition that would result from a merger between large regional newspaper companies was highlighted by the monopoly situation that would arise from any future transfer of Mirror Group titles to Trinity in Northern Ireland.

6.61. The GPMU said that its members in Northern Ireland had expressed concern about the monopoly position that the new group would have following a merger. Virtually all the major publications in Northern Ireland, both on a regional and national basis, would be dominated by one group, and this was bound to be of concern to the public. The GPMU was also concerned about the possible effects of a merger on employment; it would not wish to see any reduction of printing facilities in Northern Ireland.

6.62. A merger between Mirror Group and Trinity would lead to an increased concentration of cross-media ownership. Both companies were engaged in running television channels and both were also implementing a dynamic approach to developing the potential of the Internet through a number of web sites that reflected their current newspapers. Again, the question of the diversity of information made available to the public was raised by the consolidation of the Internet sections of the two newspaper groups. The GPMU said that, in the newspaper sector, the natural conclusion of the process of concentration was that, in order to successfully compete with the merged group, other groups would have to undertake further mergers. This in turn would have a further negative impact on competition in regional newspapers and further entrench the existing trend towards concentration of ownership.

6.63. The GPMU believed that political diversity in national and regional newspapers would be further undermined by a merger between RIM and Mirror Group given that the present Chairman of RIM was Sir Norman Fowler MP, long-time Conservative Party grandee and until recently Shadow Home Secretary. It would be incredible to claim that his chairmanship of a new group that incorporated *The Mirror* would not potentially impact upon the political stance of the newspaper.

6.64. The GPMU observed that the problems inherent in RIM merging with the Labour-supporting Mirror Group were further emphasized by RIM's attitude to its workforce. This was evidenced by an internal RIM memorandum, and signed by its Chief Executive, which suggested that the company intended to implement rapidly a large number of redundancies before RIM was faced with the new employment policies of the Labour Government. The GPMU believed that these were not the actions of a company that was in tune with the Labour Government, nor were its policies, or present management, those of a company that could be expected to protect and uphold the political stance of *The Mirror*.

6.65. The GPMU felt it was unlikely that behavioural undertakings would satisfy its concerns about both mergers, particularly in the longer term.

Institute of Practitioners in Advertising

6.66. The Institute of Practitioners in Advertising (IPA) had been a trade association and professional institute for UK advertising agencies since 1917 and represented companies concerned primarily with providing advice on marketing, communications and advertising. It did not think either merger would have any detrimental effects in England but was concerned about possible detriments to the markets in Northern Ireland and Scotland.

6.67. The IPA said that if Trinity were to take over Mirror Group it would have control of the three highest-circulating titles in Northern Ireland, representing 72 per cent of circulation. *The Irish News* and the *News Letter* were currently sold as a package, called the Morning Market, through the sales house Mediaforce. There was a danger that without safeguards, consolidation could lead to five out of the top six Northern Ireland titles being sold by one sales house, seriously affecting the competitiveness of the market. Mirror Group and Belfast Telegraph Newspapers (Trinity) both played a

vital role in the local Northern Ireland economy, and the current open competitive market place was in the best interests of advertisers, agencies, readers and employees. Trinity already had a policy of packaging titles (the *Belfast Telegraph* and the *Sunday Life*) for recruitment advertising and literally forced advertisers to appear in both titles. If the package included *The Mirror* it would mean that there was no additional requirement to use *The Irish News* for advertising. The position of a Trinity-owned *Belfast Telegraph*, *The Mirror* and the *News Letter* would be so strong that if an aggressive sales policy was adopted toward *The Irish News* it would threaten the viability of the newspaper.

6.68. The IPA said that it would be concerned by the resulting concentration of ownership, in excess of 50 per cent of daily and Sunday markets, if Trinity were to acquire Mirror Group. This could precipitate a reduction in options for both advertisers and readers. It would be necessary to put safeguards in place or make arrangements that secured the future of all current existing titles. This would require the newspapers to be sold through a number of different sales houses. In addition, enforceable procedures would need to be in place to ensure that anti-competitive pricing was not introduced in the form of coordinated higher advertising sales revenue targets.

6.69. The IPA saw no threat to competition in Scotland from a merger with either Trinity or RIM.

National Union of Journalists

6.70. The NUJ had in membership a large proportion of the journalists working within Mirror Group, Trinity and RIM. It had a number of concerns about the public interest in the event of the proposed merger being allowed to proceed.

6.71. The NUJ said that the proposed mergers followed more than 20 years of transfers that had seen local and regional newspapers concentrated in fewer and larger chains, and the development of large regional monopolies such as Northcliffe in the East Midlands and Devon, RIM in Yorkshire and Lancashire, and Trinity on Merseyside. The concentration of media ownership in the hands of fewer groups had the effect of reducing diversity of opinion; cost-cutting and the lowering of journalistic and production standards owing to lack of competition; remoteness of control from the local communities served by the newspapers; elimination of choice for readers and advertisers; predatory pricing to drive out competition from newly-established titles; and sharply reduced employment opportunities. All of these effects were seriously detrimental to the public interest.

6.72. RIM was known as a Conservative supporting group and its Chairman was Sir Norman Fowler MP. If RIM were to acquire Mirror Group it could erode *The Mirror's* traditional Labour-supporting stance, thus diminishing the range of opinions and political views expressed in the national newspapers. A much narrower political viewpoint would be represented which would be damaging for democratic debate in this country.

6.73. The NUJ's major concern about a successful RIM bid was its commitment to jobs. It told us that RIM had a poor industrial relations record with the unions; in the case of the *Sheffield Star*, it had selected an active trade unionist for dismissal during redundancy rounds. RIM had been particularly vigorous in cost-cutting when it acquired the UNM titles. A leaked memorandum from RIM's Chief Executive had detailed plans to reduce staff by 10 per cent, and perhaps eventually by 25 per cent. The memorandum also showed that RIM was hostile to any legislation giving workers minimal rights and that it was determined to resist the law as long as possible. The NUJ believed that the acquisition of Mirror Group by RIM should be conditional on assurances that there would be no further large-scale redundancies, and that NUJ representatives would not be victimized when job losses were required.

6.74. The NUJ was concerned that if Trinity acquired Mirror Group, the traditional political stance of *The Mirror* would change over time. It said that Trinity's regional titles were very different in character from *The Mirror*. The NUJ was also concerned at the prospect of Trinity owning the two major daily newspapers covering Northern Ireland in addition to *The Mirror*. Its members on the *News Letter* and the *Belfast Telegraph* believed that the news rooms of the two titles would be amalgamated and that this would directly affect the editorial line of the *News Letter*, reducing diversity in the expression of opinion. The NUJ would therefore want the merger to be conditional on disposal of some of the Mirror Group Northern Ireland titles.

6.75. The NUJ also had some concerns about Trinity's record as an employer. It suggested that approval of the merger should be conditional on assurances from Trinity that all existing titles should be preserved; no jobs would be lost; and that Trinity would seek to develop a voluntary partnership with the unions as recommended in the Employment Relations Bill.

Society of Editors

6.76. The Society of Editors (formerly known as the Guild of Editors) represents more than 400 members in national, regional and local newspapers and broadcasting. It said that Mirror Group, Trinity and RIM were established publishers which had to compete against a backdrop of increasingly diverse media. It saw value in companies with particular experience of publishing regional newspapers and considered that there would also be substantial benefits from a partnership with a publisher of national titles. The Society believed that publishers should display commitment to the communities their newspapers served and should uphold editorial standards and training, the freedom of the media and free expression generally. Both Trinity and RIM had been supportive of the Society's work in these areas.

The Newspaper Society

6.77. The Newspaper Society said that the ownership structure of the regional and local newspaper industry had changed radically over the last decade as ownership consolidation had taken place. This had helped to ensure a vigorous and effective regional and local newspaper industry.

6.78. Dedicated and focused regional press companies ensured that the regional newspaper industry retained a central role in the changing communications industries. They preserved the position of the regional press against a growing number of media competitors at a national and local level which included commercial companies and the state-subsidized BBC. They also helped support regional and local newspapers' enormous investment in journalism which provided an essential dimension to local news and editorial coverage.

6.79. The generic characteristic of regional newspaper companies was that its titles circulated in a circumscribed geographical area, providing editorial and commercial services for local communities. Each title operated independently from other titles owned by the company in different geographic areas. High local circulation and household penetrations were essential to the viability of regional and local newspapers.

6.80. The specialist regional press company was a necessary element of media diversity. Development of specialist regional newspaper companies within the industry, which itself remained diverse in comparison with the media sectors against which it competed, ought to be fostered. The Society said that the expansion of dedicated traditional regional newspaper companies operated in favour of the public interest by ensuring the continuation and development of locally-based, editorially focused publications. These companies' traditions of responsibility, expertise and editorial independence were being maintained to the short- and long-term benefit of readers, advertisers and local communities.

6.81. The proposed acquisitions would not lead to any concentration of national newspaper ownership, as neither Trinity nor RIM currently owned national newspapers. There were significant examples of companies owning national, regional and local newspapers. Common ownership had operated in the public interest and helped strengthen the regional and local newspaper industry, with the distinct nature of regional and local newspaper titles being developed through devolved management and editorial structures. The proposed mergers fitted into the above pattern and would create a company with national, regional and local newspapers as its core business, with the resources, managerial and editorial expertise to develop the titles. This would benefit, overall, those titles, readers and advertisers and the communities they served.

Government departments and local authorities

Department of Economic Development, Northern Ireland

6.82. The Department of Economic Development held the view that consolidation of the regional businesses of Mirror Group and Trinity might offer benefits to the regional economy. The globalization of the industry, together with advances in technology and changing consumer habits, required greater efficiency, responsiveness and flexibility by the industry. The Department believed that the merger would create new opportunities to deliver these key requirements.

The Scottish Office—Education and Industry Department

6.83. The Scottish Office saw no competition reasons to prevent either party from acquiring Mirror Group. It was important, however, that the Scottish media were given sufficient room to be able to properly reflect Scottish matters. There was a danger that if Scottish media companies were taken over by larger concerns, the coverage of the Scottish scene could diminish in either quality or quantity. Both would be against the interests of the public having Scottish matters fully reported to them. It was doubtful that there could be adequate safeguards to ensure that any party acquiring Mirror Group was constrained to continue its current level of coverage of Scottish matters, but the acquiring parties should be asked to give account of their policy on this matter.

Argyll and Bute Council

6.84. Argyll and Bute Council said that although Trinity owned 27 local newspapers in Scotland, the acquisition of Mirror Group would not adversely affect public choice or competition within the Argyll and Bute area. RIM had no newspapers in the area therefore its acquisition of Mirror Group would have no effect on press competition in the area.

Birmingham City Council

6.85. Birmingham City Council did not wish to express a view on the business case put forward by the parties in negotiation over Mirror Group assets. However, it was concerned to ensure that there was a diversity of viewpoints on matters affecting the English regions through ownership that promoted regional perspectives at a national level. The Council wanted to ensure that there would be no diminution in the range of publications on offer generally for sale across the English regions and that the affordability of those publications was not adversely affected by the acquisition of assets by any of the parties involved. Attention was drawn by the Council to the considerable energy arising out of the current constitutional debate that was developing in the English regions with the formation of Regional Development Agencies and English Regional Chambers. The Council urged that these factors were relevant in setting criteria for judging the merits, or otherwise, of the two bidding companies. The Council also believed that assurances by the companies as to their respective policies on regional diversity, regional management and recognition of regional voices should form an important part of the Commission's decision.

Derry City Council

6.86. Derry City Council believed that a merger between Trinity and Mirror Group would give the new company a weekly newspaper circulation of almost 12.7 million, making it the largest regional newspaper publisher in Great Britain, and that a takeover of Mirror Group by RIM would produce the largest print media company in Great Britain and also one of the biggest regional newspaper companies. The Council had previously expressed some concern when Mirror Group acquired the *Derry*

Journal and felt that the proposed acquisition would further restrict competition and product diversity, and that mergers of this kind should be opposed. It believed that the proposed takeover of Mirror Group raised issues regarding the retention of a democratic and representative press.

6.87. The Council said that, in Derry, the second city in Northern Ireland, Mirror Group owned and published *The Mirror*, the *News Letter* and the *Derry Journal*. Trinity published the only other evening newspaper in the city, the *Belfast Telegraph* (North-West edition). A merger between these two companies would therefore result in a virtual monopoly in the two main cities in Northern Ireland for morning, evening and weekly newspapers.

6.88. In the Council's opinion, either proposed merger would produce a newspaper group capable of stifling competition and further increasing the concentration of ownership of regional newspaper titles, which already restricted the public's choice. Both of the proposed mergers threatened to undermine and dilute the political stance of a range of newspapers and might result in the loss of a specific political, cultural and unique regional voice which it was hoped could be preserved for the *Derry Journal*. It was also feared that the proposed mergers would result in redundancies within the *Derry Journal*.

6.89. In general terms, the Council felt that the proposed mergers would adversely affect editorial independence and diminish journalistic diversity, which would curtail a traditional stance which had always prevailed. The culture and ethos of local newspapers would be lost.

Newry Town Centre Management Partnership Ltd

6.90. Mr Barry Owens, Manager of Newry Town Centre Management Partnership Ltd, was strongly opposed to the proposed merger between Trinity and Mirror Group. He said that it had significant implications for the media in Northern Ireland, where it was important that balance and equality were maintained. He was particularly concerned about the impact of the proposed merger on *The Irish News*, which represented the main media outlet for people from the nationalist community. The inevitable financial pressures that *The Irish News* would face from the merged group was bound to affect the viability of the newspaper. It was inconceivable that an independent title could withstand the power of such corporate interests that would result from an enlarged Trinity group. *The Irish News* was more than just a newspaper serving the nationalist community; its ethos and cultural outlook could not be replaced in any sense by the Irish edition of *The Mirror*. Mr Owens added that the proposed merger should be prohibited in the interests of a substantial proportion of the Northern Ireland community.

Politicians and political parties

Mr Alex Attwood, Assembly Member for West Belfast

6.91. Mr Alex Attwood said that the proposed takeover of Mirror Group by Trinity should be resisted for the following reasons: the imperative to maintain broad-based reporting in the political environment of Northern Ireland, particularly at a time of transition and change; the requirement that no one media interest enjoyed a dominant position, in terms of newspaper sales, advertising markets and employment opportunities; and the adverse consequences on the future of small, local, regional and independent newspaper titles.

6.92. Mr Attwood thought it was imperative to maintain broad-based reporting within the political environment of Northern Ireland, as this was crucial in ensuring an informed debate on political, security, economic, social and community issues. Without the broad-based reporting that had characterized newspapers' content over the last 30 years many issues of concern may not have been properly aired and considered. This would have prejudiced political debate and compounded the conflict within Northern Ireland. If the proposed merger between Trinity and Mirror Group took place, at least one of the newspaper outlets with a different outlook, such as *The Irish News*, would be left in a precarious

commercial environment. *The Irish News* and many smaller local titles had fulfilled a key role in facilitating comment by the nationalist community on political, economic and social issues on a number of occasions and had participated with other newspapers with different outlooks in joint initiatives such as editorials and phone-ins to air shared community perspectives on core political issues. This had enabled the community in Northern Ireland to transcend conflict and stabilize crisis.

6.93. Mr Attwood said it was important that no one media interest should enjoy a dominant position in terms of newspaper sales, advertising markets or employment opportunities. The proposed merger would result in Trinity enjoying up to half the paid daily newspaper market. It could then exclude local titles, including the regional title *The Irish News*, from advertising markets through economies of scale. With its dominant position Trinity could price its titles in a manner that would jeopardize local titles, regional newspapers and all but the largest outlets. The reduction in local and regional titles would have consequences for the editorial content of newspapers. It was also conceivable that once Trinity had squeezed local and regional competitors out of the market it would increase its own rates.

Mr Harry Barnes, Member of Parliament for North East Derbyshire

6.94. Mr Harry Barnes MP said that he had received strong and persuasive representations from Drury Communications of Belfast concerning the position of *The Irish News* should the Trinity takeover of Mirror Group go ahead. The takeover could threaten the sales and advertising revenue of *The Irish News* and would have implications for employment in a part of the UK which had long suffered from high unemployment. It might also have severe implications for the competitiveness and pluralism of the press in Northern Ireland. Mr Barnes feared that the merger could mean the demise of *The Irish News* and thus deprive Northern Ireland's people and politics of a vital voice which could be of increased importance as the institutions envisaged in the Good Friday agreement began to function and a new political set-up was established.

Mr P J Bradley, Assembly Member for South Down

6.95. Mr P J Bradley, Assembly Member for South Down, said that the local media base in Northern Ireland was relatively small but it was under severe pressure from national media. The local newspapers, chiefly *The Irish News*, the *Belfast Telegraph* and the *News Letter*, largely reflected the political aspirations of the majority of residents in Northern Ireland. He was concerned that a merger between Mirror Group and Trinity would result in squeezing out *The Irish News*, which was the only serious nationalist broadsheet in Northern Ireland. To undermine this newspaper, which was part of the social, cultural, sporting and political life of the vast majority of over 40 per cent of the population, would not serve the public interest in Northern Ireland. Mr Bradley felt that, as a condition of the merger proceeding, Trinity should be required to divest the *Belfast Telegraph*. This would help to limit or restrict any dominance in relation to advertising and news coverage.

Lord Fitt of Bell Hill

6.96. Lord Fitt was concerned about the proposed merger between Trinity and Mirror Group, and in particular its implications for editorial diversity in Northern Ireland. Having been an elected representative in Northern Ireland for 25 years, he was of the opinion that the merger would not serve the public interest and that it would undermine the only nationalist media voice in Northern Ireland, namely *The Irish News*. At such a critical stage of the peace process, Lord Fitt felt that the scale of the merger could seriously affect the delicate media balance in Northern Ireland.

Miss Carmel Hanna, Assembly Member for South Belfast

6.97. Miss Carmel Hanna was against the proposed merger between Trinity and Mirror Group. In her view, the population of Northern Ireland had a diversity in their identities and traditions that was different from other parts of the UK. Miss Hanna believed that the merger would give one newspaper

group overwhelming strength in the newspaper circulation and advertisement market in Northern Ireland. This would gravely weaken the position of *The Irish News*, which had, since its foundation, been the newspaper of record for perceived nationalist opinion in Northern Ireland. *The Irish News* not only reflected nationalist and Catholic social opinion, it also made its columns available to those who wished to express contrary views. Miss Hanna held the view that the merger would undermine the diversity of opinion in the Northern Ireland print media and would, therefore, not be in the public interest.

Mr Kevin McNamara, Member of Parliament for Kingston upon Hull, North

6.98. Mr Kevin McNamara MP, former Shadow Secretary of State for Northern Ireland, said that the proposed merger between Mirror Group and Trinity had far-reaching consequences for the media balance in Northern Ireland. The merger would provide Trinity with an unparalleled media leverage in this small regional market. To date, the local regional print media, chiefly the *News Letter* and *The Irish News*, had played an important bridging role through their joint peace initiative appeals. Such appeals had been invaluable in leading and conditioning moderate, and not so moderate, opinion towards reconciliation and understanding.

6.99. Mr McNamara said that, if the Trinity acquisition were allowed to proceed, the disruption to the media balance in Northern Ireland would seriously undermine the strong leadership role currently offered by the local media which were clearly strong in their respective communities, where they were closely read. Mr McNamara added that a free and independent media was the bedrock of any democracy and it would be quite dangerous to allow the Northern Ireland media to become unbalanced by a large monopolistic group during the emergence of new democratic institutions.

Mr Séamus Mallon, Deputy First Minister (Designate) of the Northern Ireland Assembly

6.100. Mr Séamus Mallon said that the proposed merger between Trinity and Mirror Group should be rejected unless Trinity was prepared to divest its business portfolio of the *Belfast Telegraph*. He thought this was the only way to maintain equilibrium among the various media outlets in Northern Ireland. He was deeply concerned about elements of the merger and its likely serious consequences for the Northern Ireland media market. The merger had grave implications for the only indigenous nationalist newspaper in Northern Ireland, *The Irish News*, which was independently owned. The combined group would have 85 per cent of all classified advertising in the local Northern Ireland market. This dominance would leave *The Irish News* unable to compete for advertising revenue. Also, recent mergers in the newspaper industry had shown how monopolists had tended to use pricing in a predatory way to gain market share.

6.101. Mr Mallon added that the closure of *The Irish News* would leave the nationalist community without a serious reporting and commentary medium when culturally and practically it was important that a balance be maintained by the media groups in Northern Ireland. Mr Mallon was also concerned about the potential job losses in Northern Ireland which might ensue following the merger.

Mr Sean Neeson, Leader of the Alliance Party of Northern Ireland

6.102. Mr Sean Neeson, leader of the Alliance Party and member of the Northern Ireland Assembly, urged the Commission to consider the damaging implications to the newspaper industry in Northern Ireland following a merger between Mirror Group and Trinity. Although Northern Ireland had three daily newspapers, they each reflected very important strands of opinion. In particular, *The Irish News* and the *News Letter* served quite different communities. Mr Neeson said that the merger would put two of the daily newspapers into the hands of one owner. This, he believed, would cause the third daily newspaper, *The Irish News*, to be squeezed out of existence, or at the very least seriously impair its ability to provide the service it had given since its foundation.

The Reverend W Martin Smyth, Member of Parliament for Belfast, South

6.103. The Reverend W Martin Smyth MP said that it would be most damaging if the merger between Trinity and Mirror Group were to go ahead as it would make Trinity overwhelmingly dominant in the Northern Ireland market in terms of readership and advertising.

Ulster Unionist Party

6.104. Mr Dennis Rogan, Chairman of the Ulster Unionist Party, was concerned about the likely impact of the proposed merger between Trinity and Mirror Group on the media in Northern Ireland. The merger would result in Trinity having an overwhelming monopolistic position in terms of editorial control and advertising revenue. In the event of such a merger, the consequences would be disastrous for the two local titles, *The Irish News* and the *News Letter*—and perhaps even more so for regional weeklies. Mr Rogan had no doubt that, on the one hand, the editorial independence of the *News Letter* would be affected, whilst on the other the ability of *The Irish News* to compete for advertising revenue would be seriously undermined.

6.105. It was essential that Northern Ireland maintained the healthy newspaper market that already existed. Editorial diversity, so often lost throughout other parts of the UK as a result of media mergers, had been to the detriment of local interests across the whole range of cultural, political and sporting activities. Mr Rogan added that the uniqueness of Northern Ireland should be borne in mind, not just because of the diversity caused by the political situation, but also because of the importance of maintaining a healthy, rich and pluralist media base in the UK.

Church leaders

The Roman Catholic Archbishop of Armagh

6.106. The Archbishop of Armagh, Most Reverend Sean Brady, believed that a merger between Trinity and Mirror Group would have serious consequences for the Catholic community in Northern Ireland by threatening the existence of independent newspapers, in particular *The Irish News*. The merger would place the new company in a totally dominant position in the advertising and newspaper sales markets, making it difficult for *The Irish News* to compete. The Archbishop expressed concern that, if *The Irish News* ceased publication after having played an important part in the life of the Catholic community over the last 140 years, the Catholic community in Northern Ireland would consider itself to be deprived of its authentic voice and means of expression.

The Roman Catholic Bishop of Down and Connor

6.107. The Bishop of Down and Connor, Most Reverend Patrick Walsh, was concerned about the effect a merger between Trinity and Mirror Group would have on the media in Northern Ireland as the dominance of the merged group would have serious implications for smaller independent newspapers. *The Irish News*, which for many in the Catholic community had been a means for expression of identity, culture and the arts over a long period of time, would be at risk. If *The Irish News* ceased to operate, its contribution to efforts to obtain a settlement to the troubles in Northern Ireland, by co-sponsored peace initiatives and support for the peace process, would be negated and a large section of the population of Northern Ireland would feel that they were deprived of a voice at this crucial time in their history.

Very Reverend Canon John Kearney

6.108. The Very Reverend Canon Kearney said that a merger between Trinity and Mirror Group would seriously threaten the existence of *The Irish News*. *The Irish News* represented the views of a

large percentage of the population in Northern Ireland and catered for the culture of the nationalist people by reporting on sport, language, music, history and church affairs in a comprehensive way. It offered informed views on political matters and ensured that the diversity of opinion in Northern Ireland was acknowledged and addressed. Canon Kearney felt that the other newspapers leaned more toward the tabloid genre, and gave little acknowledgement to the nationalist outlook. Canon Kearney said that *The Irish News* and the *News Letter* had been involved in a joint peace initiative which, in his opinion, had evoked considerable support for the peace process and ensured that the people of Northern Ireland were able to consider the integral components to it. The merger would threaten the existence of *The Irish News* and the views of the nationalist community would not be adequately represented.

Others

Mr T H Hill

6.109. Mr Hill said that a takeover of Mirror Group by Trinity would be contrary to the public interest and would seriously affect the balanced reporting of events in Northern Ireland where editorial independence and diversity of reporting were vital. The size and strength of the proposed new group would be such that the future viability of *The Irish News*, Northern Ireland's only independently-owned daily newspaper, would be threatened. He was also concerned about the monopolistic strength of the new group which would result from the proposed merger and the potential for bias which this could have on the reporting of social issues. The potential to raise advertising costs by the new group was also a concern. The existence of such a huge concentration of media ownership in the hands of a single group would not be in the interest of advertisers, whether from industry, commerce or the voluntary sector.

6.110. Mr Hill added that if the proposed merger were allowed to proceed, it would effectively end the cooperation which currently existed between *The Irish News* and the *News Letter*; cooperation which in recent years had played a key role in leading and shaping public opinion during the peace process in Northern Ireland.

Mr Tomas O Ceallaigh

6.111. Mr Tomas O Ceallaigh, a member of the Gaelic Athletic Association and *Cairde an Duin*, was concerned about the impact of a merger between Trinity and Mirror Group on the future of *The Irish News*. *The Irish News* was the only newspaper which gave extensive daily coverage of Gaelic sports; the newspaper was also culturally important because it was the only mainstream daily in Northern Ireland to have regular features in the Gaelic language. If the newspaper did not survive, those in the Gaelic sporting and political community would be left without a voice. Serious political debate would be limited as only the tabloid *Mirror* would be available as a vehicle for political commentary.

Mr Feargal Logan

6.112. Mr Feargal Logan of Logan & Corry Solicitors wrote as a concerned reader of *The Irish News*. He said that the newspaper formed part of the daily life of many people within Northern Ireland and beyond. *The Irish News*, as was the case with the *News Letter*, sought to represent one-half of a divided society, yet still provided informative reading and editorials for all within the community. The newspaper had played a significant role in the development of the peace process through the creation of various initiatives which drew support from all quarters.

6.113. In his capacity as a lawyer, Mr Logan said that *The Irish News* provided a frank insight into all matters relevant to the administration of justice and the general workings of the legal system. It also provided excellent coverage of his community's best supported sport—Gaelic games. With this in mind, and the fact that exceptional circumstances often existed in Northern Ireland, Mr Logan urged

that careful consideration should be given to any proposed merger between Mirror Group and Trinity which might ultimately impinge upon, or seek to exclude, *The Irish News* from circulation throughout Northern Ireland.

Dr Vincent McKee

6.114. Dr Vincent McKee, a tutor and writer in politics and history, said that a likely consequence of a merger between Trinity and Mirror Group would be a domination of local press advertising by the merged group. The new group's stronger financial base would enable it to undercut its rivals, thereby forcing them out of business. *The Irish News* was likely to be a casualty of the merger and serious consideration should be given to what this could mean for both the newspaper and its readers, who were concentrated among Northern Ireland's Catholic-nationalist community.

6.115. Dr McKee pointed out that *The Irish News* was an integral part of nationalist culture in Northern Ireland. Its roots lay in the urban Catholic districts of Belfast and in the many rural towns and villages where Catholics resided throughout Northern Ireland. Throughout this century, *The Irish News* had been the only daily newspaper published in Northern Ireland serving Catholic-nationalist interests and providing this community with coverage of the various relevant issues, including those relating to church affairs, culture and sport. It had also served as a forum for political debate and direction, with no single party or group dominating, but rather all of them having access to the nationalist people through its columns. *The Irish News* was projecting a positive message of reconciliation and progress in keeping with the spirit of the Good Friday agreement and had actively campaigned for practical follow-up action in line with the peace process. Dr McKee also drew attention to joint initiatives undertaken by *The Irish News* and the *News Letter* in the pursuit of peace and reconciliation, democratic pluralism and the exercise of wider civic responsibility. This was a vital part of communal rebuilding in Northern Ireland and in that respect *The Irish News* had been an agent for progress. *The Irish News* had a uniquely reputable voice and influence within the nationalist community that could not be replaced by an English-owned newspaper, or indeed by one based in the Irish Republic.

6.116. Dr McKee added that in view of recent political developments, it was essential that the responsible voice of Northern Ireland's nationalist community should not be sacrificed in pursuit of the free market. It was in the wider public interest that *The Irish News* should not be forced out of business.

Mr David Montgomery

6.117. Mr David Montgomery was Chief Executive of Mirror Group from October 1992 until the end of January 1999. In Mr Montgomery's assessment, Mirror Group was capable of surviving as an independent and stand-alone company, continuing to concentrate on its core business of national newspapers. In his view there was no economic necessity for Mirror Group to merge, or to be taken over by another entity. There were good reasons why regional newspapers would not be good owners of Mirror Group in terms of protecting the diversity of the national titles, nor was there any economic need to break up the group in any transaction. If national titles were to thrive, they had to be the primary focus of top management attention, and they could not be managed at arm's length in the same way as regional titles.

6.118. Mr Montgomery said that so far as the Trinity bid was concerned, he believed that its proposals would mean that the national newspaper management would be subordinated within the wider group management. The national newspaper managers would have little or no power within a merged Trinity/Mirror company. Trinity had made it quite clear to him that it regarded the national newspapers as a secondary element of the proposed merged entity. Indeed, these were products that Trinity was loath to take on at all in direct management terms. It was Mr Montgomery's understanding that Trinity was not prepared to move the headquarters of the company from Chester to London: although it acknowledged that it would have to have a London office, this would not be at Canary Wharf, Mirror Group's head office. He believed that Trinity was much more interested in the Scottish part of the business and its regional newspapers; those were its real targets and made the best economic sense.

He suggested that Trinity considered the national newspapers as necessary adjuncts to the business and that it would want to be as remote from them as possible.

6.119. Trinity had no experience whatsoever of the competitive sector of national newspapers. Its management, at all levels, was experienced only in running what were in effect regional newspapers and monopolistic franchises. Mr Montgomery said that, from a commercial point of view, Trinity had limited experience in dealing with the very different types of advertising revenue that applied in national newspapers. As regards editorial, Trinity did not understand the nature of the national franchises, nor the day-to-day influences that were brought to bear on editorial departments.

6.120. Mr Montgomery referred to the case of a regional newspaper group (the Yorkshire Post) having acquired a national newspaper and said that there had been a decline in the fortunes of the *Daily Express* over the last decade following the merger. He believed that the fate of the *Daily Express* was a clear indication of what the outcome might be if a regional group were to acquire *The Mirror*. The *Daily Express* had lacked the authority of having supreme management; it had been operated by a subsidiary group of management and Mr Montgomery thought that the idea of operating a national title through a junior partnership did not work. Giving newspapers editorial independence and a guaranteed separate structure did not guarantee their success. In his experience, national newspapers needed to have the ultimate authority unblurred and unfettered to get the best results.

6.121. Mr Montgomery believed that the ownership of national newspapers was not an attractive proposition for RIM and they were a necessary attachment it could well do without. There was also the complex issue of RIM's political leanings. Sir Norman Fowler MP, the present Chairman of RIM, had a background in the Conservative Party which was diametrically opposed to Mirror Group's political position, and that put him in an unmanageable situation. The fact that RIM had apparently failed to recognize this from a perception point of view and had refused to move Sir Norman was an encumbrance it did not need. Mr Montgomery pointed to the lack of experience among RIM board members in running a national newspaper. He thought that Mr Oakley and Mr Petrie were exaggerating their involvement in national newspapers and did not think that their earlier, but limited, involvement with *The Mirror* would prepare them for the task ahead if the RIM bid were to be successful.

6.122. Mr Montgomery believed that there was reason for concern over the present Chairman and the structure of RIM when applied to national newspapers. He expected RIM to make national newspapers a secondary element with a separate management. He said that no doubt RIM would argue that this would guarantee editorial independence, but he dismissed this because subsidiary boards ring-fenced national newspapers where staff and the outside world recognized that management did not have any power. This would lead to weak leadership in national newspapers and an inevitable deterioration of those franchises.

6.123. Mr Montgomery did not think that *The Mirror's* tradition would be in danger following a merger. He was sure that Trinity and RIM would uphold the political traditions of the titles, and he had no reason to challenge assertions by both parties that they would do that. He was concerned about the continuing robustness of *The Mirror* in all its respects, because if it diminished as a result of lack of editorial vigour, then clearly its political influence would also diminish in accordance with the decline in circulation and economic fortunes. He did not believe that, even if Trinity and RIM tried to be pro-active in those editorial matters in relation to tabloid national newspapers, they would be very effective.

6.124. As regards the situation in Northern Ireland, Mr Montgomery felt it would be wrong to think that the only issue that mattered was the concentration of circulation in Belfast. The issue was not confined, in his view, to the combination of the *Belfast Telegraph* and the *News Letter* under single ownership. He thought that it extended much further and broader than this territory; it came down very much to editorial leadership. The *News Letter*, *The Irish News* and the *Derry Journal* had courageous editors (supported by management), who had shown leadership by moving public opinion in a positive direction. In contrast, the *Belfast Telegraph*, which was owned and managed by Trinity, had been very different. Its reputation in journalism had been 'middle of the road' in trying to please both communities in Northern Ireland. Mr Montgomery felt that this was indicative of Trinity's stance; it did not wish to get involved in these difficult issues and it was not experienced in handling major political challenges in an editorial way. If the *News Letter*, *The Irish News* or the *Derry Journal*

were diminished, then that would have an adverse effect on the changes that were currently taking place in Northern Ireland.

6.125. Mr Montgomery said that the staff of the *News Letter* would not relish being taken over by the owner of the *Belfast Telegraph*. It was a culture which they did not respect and one which would almost certainly be imposed on the *News Letter*, because Trinity would be the dominant partner in the new group. Unquestionably, sooner or later the ethos of the *News Letter* would be changed. He believed that this would be disastrous for the unionist community who had relied on the *News Letter* to guide them through the political process for some years since the present editorial regime was imposed. Mr Montgomery said that he feared for the strength, robustness and the distinctiveness of the *News Letter*. Trinity's management was structured on the basis of giving autonomy to its big regional operations, whereas the *News Letter*'s individuality had been protected by direct encouragement from the centre. Once taken over by the *Belfast Telegraph*, the *News Letter* would be run as a separate territory and subsumed into the *Belfast Telegraph*'s culture. As regards the effect of the merger on *The Irish News*, Mr Montgomery believed that it would still have its constituency and would have rights to public sector advertising. For those advertisers who did not care which community they addressed, and wanted as much coverage as possible, then clearly they would buy a Mirror Group/Trinity package. He was certain that the present cooperation between the *News Letter* and *The Irish News* in selling advertising would not survive a Trinity merger.

6.126. In Scotland, a crucial political era was being embarked upon with the transition to self-government. The *Daily Record*'s role was that of a national newspaper—and all the more so now that Scotland had its own parliament. The *Daily Record* had tremendous penetration in the West of Scotland and tremendous influence. If either Trinity or RIM were to acquire this title, both would be grasping national issues of great editorial significance and in which neither had any background or experience. Mr Montgomery feared that in Scotland the voice of the *Daily Record* and the *Sunday Mail* would be diminished as a result of a merger with either Trinity or RIM. In both Scotland and Northern Ireland there was a need for vigorous editorial direction that must be maintained if the two countries were to reach their full potential. Mr Montgomery felt that the *Evening Times* was likely to suffer as a result of a successful Trinity bid because the *Daily Record* and *The Glaswegian* would try to increase their dominance in the region, particularly among classified advertisers.

6.127. Mr Montgomery said that he saw no deterioration of revenues from the regional press; it was extremely buoyant at present and classified advertising in most sectors was increasing. Regional newspapers were deeply entrenched in the commercial life of the communities they served and where they effectively had monopolistic franchises. Regional newspaper businesses were all at the peak of their powers, and whatever erosion there was in circulation, it was very small. A great number of regional newspapers had in the last six months shown increases in circulation, so the decline had, to some extent, been stopped. The Internet and all other routes to market that were opening up in those territories ensured a future for regional newspapers which did not make this sort of consolidation necessary. Mr Montgomery said that Internet services were developing rapidly and they increased the power of regional newspaper groups across the whole of commercial life of communities.

6.128. Mr Montgomery drew attention to the situation that would arise in the Liverpool area in the event of a successful Trinity bid. He said that *The Mirror*, together with the *Daily Post* and the *Liverpool Echo*, which were both owned by Trinity, would have a dominant position within Liverpool. The household penetration of the three titles together was 74 per cent. Taken in purely circulation terms with the market as a whole, *The Mirror*, together with the *Daily Post* and the *Liverpool Echo*, accounted for 65 per cent of circulation within the Liverpool area. A squeeze on other titles in the area, both in terms of advertising and circulation sales, could be quite dramatic. If Trinity chose to instigate a price war it could lead to other national newspapers being diminished. Trinity would have the potential to pressurize advertisers by putting together the franchises of the three titles; then it would be able to leverage that power to put up advertising rates.

6.129. On the question of possible undertakings to preserve editorial independence, Mr Montgomery did not think that they would work. He was more concerned about the resultant subordination of the national newspaper management, because whatever guarantees were given on

editorial independence and political stance remaining unchanged would be ineffective if the product was weakened by management which did not have full authority or experience.

Mr Joseph Tunney

6.130. Mr Joseph Tunney, a solicitor, opposed the proposed merger between Trinity and Mirror Group as it would have severe repercussions on the small local independent newspapers and, in particular, *The Irish News*. A competitive market already existed in Northern Ireland, but if the merger was allowed, Mr Tunney believed that the new company would enjoy a totally dominant position in newspaper sales and would have a stronghold in advertising. The overwhelming resources that would be available to the new company would threaten the existence of *The Irish News* by creating an environment in which it could not compete.

6.131. *The Irish News* shared a historical and cultural background with a large proportion of the population in Northern Ireland. It was the main source of information for the nationalist community and provided commentary on local issues in politics, sport and cultural affairs. Mr Tunney stressed that the importance of a local newspaper for both sides of the community in Northern Ireland should not be underestimated and that *The Irish News*, in joint initiatives with the *News Letter*, had made a great contribution to the peace process.

DENISE KINGSMILL (*Chairman*)

CHARLES HENDERSON

HELENA SHOVELTON

DONALD TRELFOED

P A BOYS (*Secretary*)

10 June 1999