

**Independent New & Media PLC
and
Trinity Mirror plc**

A report on the proposed newspaper merger



COMPETITION COMMISSION

Independent News & Media PLC and Trinity Mirror plc

A report on the proposed newspaper
merger

**Presented to Parliament by the Secretary of State for
Trade and Industry by Command of Her Majesty
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¹These members formed the Group which was responsible for this report under the chairmanship of Mrs D Kingsmill, together with Miss L I Christmas and Mr G L Holbrook whom the Secretary of State appointed from the Newspaper Merger Panel.

Note by the Department of Trade and Industry

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

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

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Part I

Summary and Conclusions

1 Summary

1.1. The CC was required to investigate and report on whether any of the proposed transfers of the *Belfast Telegraph* (including the *Saturday Extra* and *Ireland's Saturday Night* editions), the *Sunday Life*, the *Community Telegraph* and the *Farm Trader*, together with related assets, from Trinity Mirror plc (Trinity Mirror) to Independent News & Media PLC (INM, used in this report to refer to Independent News & Media PLC and any of its subsidiaries, except where the context requires greater precision) may be expected to operate against the public interest. The terms of reference are at Appendix 1.1. Trinity Mirror is a major publisher of national, regional and local newspapers in the UK, created on 6 September 1999 from the merger of Trinity plc (Trinity) and Mirror Group plc (Mirror Group). INM is a global media group based in the Republic of Ireland (RoI).

1.2. We considered whether any of the transfers might affect accurate presentation of news and free expression of opinion. In doing so we were mindful of the particular value of accurate presentation of news and free expression of opinion in Northern Ireland, and the role played by the *Belfast Telegraph* in appealing to a broad cross-section of readers across the political and religious divide. We examined the record of INM towards editorial freedom, and found no evidence that led us to doubt its commitment to this. We reached the view that there are strong commercial reasons why INM would wish to pursue a policy of editorial independence towards the titles to be transferred, and that there are also strong commercial reasons not to expect a change in the broad political stance of those titles. Given the sensitivities in Northern Ireland and the fact that INM is ultimately based in the RoI with a large shareholding in the hands of a prominent individual (Mr O'Reilly), we saw it as inevitable that some people would have continuing suspicions. But we found no grounds for an expectation that the proposed transfers would prove a threat to accurate presentation of news and free expression of opinion, and accordingly found that they may be expected not to operate against the public interest in that regard.

1.3. We considered competition in the relevant newspaper markets and the effects of the proposed transfers on concentration of ownership, prices, quality, consumer choice, efficiency and employment. In addition to examining the position in the UK, we considered whether and to what extent there is a single market in the island of Ireland. This was an issue raised by a number of those who made representations to the CC regarding the transfers, who drew attention to INM's substantial share of the market for national, regional and local newspapers in the RoI. Under the terms of the Fair Trading Act 1973 we were concerned only with the public interest in the UK, and hence with the scale and nature of INM's operations in the RoI or elsewhere only to the extent that these had implications for the effect in the UK of the proposed transfers. We examined, in particular, the possible effect of the transfers on the advertising market in Northern Ireland as a result of the possible development of cross-border press advertising packages.

1.4. The titles to be transferred are regional and local titles circulating almost exclusively in Northern Ireland, and we found that there is minimal competition between Northern Ireland regional daily newspapers and RoI daily newspapers. Nor between RoI Sunday newspapers, on the one hand, and the *Sunday Life*, the Northern Ireland edition of INM's *Sunday World* and the UK national Sunday newspapers on the other. If all regional and national daily newspapers in

Northern Ireland are treated as a single market, the effect of the transfers in terms of concentration of ownership there would be to increase INM's share to 28.5 per cent (from 3.4 per cent) and reduce that of Trinity Mirror to 22.5 per cent (from 47.6 per cent).

1.5. However, we did not think that this was a sufficiently complete analysis of the market. From the perspective of competition for readers we took the view that in respect of daily newspapers the effect would be to put INM in a position similar to that held by Trinity prior to its merger with Mirror Group with 59.0 per cent of sales of all Northern Ireland regional daily newspapers. In relation to Sunday newspapers, we took the view that, for the market segment concentrating on regional news and advertising served by the *Sunday Life*, it would also put INM in a position similar to that held by Trinity prior to its merger with Mirror Group, with 100 per cent of sales. INM would increase its total share of all Sunday newspapers sold in Northern Ireland to 37.4 per cent, slightly below that currently held by Trinity Mirror but 17.8 per cent higher than that held by Trinity prior to its merger with Mirror Group. However, this would be of limited significance in view of the segmentation of the market reflecting the distinctive characteristics of the *Sunday Life*.

1.6. We found that the nature of newspaper advertising and differences between the RoI and Northern Ireland resulted in two distinct markets for newspaper advertising, with little cross-border advertising. While accepting that growth in cross-border trade and increasing importance of brands sold in both markets had to some extent created an all-Ireland market for some categories of television advertising, and acknowledging that these factors may in the longer term lead to a more integrated market for newspaper advertising in the island of Ireland, we did not regard such developments as sufficiently likely to be an expectation given the essentially local nature of most regional newspaper advertising. Nor did we believe that any such developments would be significantly affected by the proposed transfers. From the perspective of competition for advertisers we took the view that the effect of the transfers would be to put INM in a similar position to that held by Trinity prior to its merger with Mirror Group, with some 61.9 per cent of sales of all Northern Ireland regional daily newspapers plus the *Sunday Life*.

1.7. We concluded that INM would not have the power as a result of the proposed transfers to raise either cover prices or prices to advertisers above those that would otherwise have prevailed. We saw no reason to believe that INM was likely to close the titles or to reduce their quality. We thought it likely that INM would continue to publish the *Sunday Life* and the Northern Ireland edition of the *Sunday World* independently of one another and in competition. We accordingly found that the proposed transfers may be expected not to operate against the public interest in relation to prices, quality or consumer choice.

1.8. INM's plans for the future development of the *Belfast Telegraph* and the *Sunday Life* build on the approach under Trinity Mirror, and we did not expect them to lead to loss of employment or to adverse effects on terms of employment. We found that the proposed transfers may be expected not to operate against the public interest in these regards.

1.9. Accordingly we concluded that the proposed transfers may be expected not to operate against the public interest.