

The reference and background

1. On 21 February 2001 the DTI sent to the CC the following reference:

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation as defined in section 64(8) of the Fair Trading Act 1973 (“the Act”), in that:

- (a) enterprises carried on by or under the control of Reed Elsevier plc (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of Harcourt General Inc; and
- (b) the value of the assets to be taken over exceeds £70 million.

Now, therefore, the Secretary of State, in exercise of his powers under sections 64, 69(2) and 75(1) of the Act, hereby refers to the Competition Commission (“the Commission”) for investigation and report within a period ending on 28 May 2001 the following questions:

- (i) whether arrangements are in progress or in contemplation as described in paragraph (a) above which, if carried into effect, will result in the creation of a merger situation qualifying for investigation;
- (ii) if events so require, whether the actual results of those arrangements are the creation of such a situation; and
- (iii) if so, in either case, whether the creation of that situation may be expected to operate or (if events so require) operates against the public interest.

In relation to the questions in paragraphs (i) and (ii) above, the Commission shall exclude from consideration one of paragraphs (a) and (b) of section 64(1) of the Act if they find the other satisfied.

21 February 2001

(signed) ANN EGGINGTON
An official of the
Department of Trade and Industry

2. The composition of the Group of members responsible for the present investigation and report is indicated in the list of members in the preface.
3. Notices inviting interested parties to submit evidence to the CC were placed in *New Scientist*, the *British Medical Journal* and *The Lancet*.
4. In addition, we sought evidence and views from HEIs in the UK, bodies representing libraries, other publishers of STM journals, subscription agents, learned societies, editors of and contributors to journals and other interested parties. Written evidence was received from more than 30 parties and we held hearings with nine.
5. We received written submissions from RE and Harcourt. We held two hearings with RE and a separate hearing with Harcourt.
6. In March 2001 we sent an Issues and Remedies letter to RE and Harcourt and published a Statement of Issues and Remedies.

7. Members of the Group, accompanied by staff, visited operations of Elsevier Science at Kidlington, Oxford.

8. Some of the evidence obtained in the course of our inquiry was of a confidential nature; our report contains only such information as we consider necessary for an understanding of our conclusions.

9. We should like to thank all those who helped us in our inquiry, particularly RE, Harcourt and those who gave oral evidence.