



## **DETERMINATION OF MERGER NOTIFICATION M/06/049 – NEWSPREAD/WHOLESALE NEWSPAPERS**

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### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by Newsread (United Kingdom) Limited of Wholesale Newspaper Services Limited**

**Dated 4/10/06**

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#### **Introduction**

1. On 24 July 2006, the Competition Authority ("the Authority"), in accordance with Section 18 (1) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposal whereby Newsread (United Kingdom) Limited ("Newsread UK") would acquire the entire issued share capital of Wholesale Newspaper Services Limited ("WNS").
2. The Authority forwarded a copy of the notification to the Minister and notified the undertakings involved that it considers the acquisition to be a media merger, in accordance with section 23(1) of the Act.
3. On 23 August, 2006 the Authority issued a formal request for information from the undertakings involved pursuant to Section 20(2) of the Act. This information was provided to the Authority on 8 September, 2006.

#### **The Undertakings Involved**

4. Newsread UK, the acquirer, is a United Kingdom incorporated company and does not operate in the State or on the Island of Ireland. While incorporated in 2003 the company has been dormant until 2006.
5. Newsread UK is a wholly-owned subsidiary of Independent News and Media plc ("INM"), which is quoted on the Irish, London and New Zealand Stock Exchanges, and is active primarily in the printing and publishing of national and regional newspapers including Irish titles. For the financial year ended 2005 INM generated a turnover of €1,611.5 million worldwide and [...] in the State.
6. Newsread Limited ("Newsread Ireland") is also a wholly owned subsidiary of INM and is active in the distribution and wholesaling of over [...] newspaper and other print titles in the State (excluding County Donegal) including some INM titles (but excluding "*The Irish Independent*").
7. WNS, the target, is active in the wholesale distribution of national, regional and international newspapers in Northern Ireland and in Donegal, which include INM products. For the financial year ending March 2006 WNS generated a worldwide turnover of Stg£37.3 million of which [...] million was generated in Northern Ireland and [...] million was generated in the State.

## **Analysis**

8. The activities of the INM and WNS overlap in the distribution and wholesale of news and media products.
9. However, Newsread UK is not active in the State and Newsread Ireland limits its distribution and wholesale activities to those areas in the State excluding the County of Donegal. This is clearly demonstrated with reference to its operating contracts for its suppliers which describe the territory within which it distributes to be the Republic of Ireland excluding Donegal.
10. WNS is active in the State but its activities in the State are limited to the distribution and wholesale of newspapers and media products in County Donegal only. All of its other wholesale and distribution activities take place outside the State. Historically, for logistical reasons the distribution and wholesale of news and media products in Donegal has been undertaken by wholesalers located in Northern Ireland.<sup>1</sup>
11. Newsread Ireland competes in the State with a number of other companies operating in the distribution and wholesale of news and media products including its main competitor, Easons. National newspaper titles such as "The Irish Times", "The Irish Independent" and "The Examiner" provide their own distribution channels. In addition the costs of switching between distributors are low to both suppliers and to customers.
12. The proposed transaction does not, therefore, give rise to competition concerns.

## **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Newsread (United Kingdom) Limited of Wholesale Newspaper Services Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

## **For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority

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<sup>1</sup> In this respect there is some minimal overlap between the INM and WNS through the distribution of INM product by WNS in County Donegal. This is considered to be minimal in scope and does not foreclose concerns since it does not satisfy the criteria set out in the Competition Authority's 'Notice in respect of the Guidelines for Merger Analysis' (N/02/004).

