



## **DETERMINATION OF MERGER NOTIFICATION M/06/071 – JA TRADING/RIVER NEWSPAPER**

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

#### **Proposed acquisition by JA Trading Limited of 50% of the share capital in River Newspaper Holdings Limited**

**Dated 23/11/06**

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### **Introduction**

1. On 27 October 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 JA Trading Limited (“JA”) would acquire 50% of the share capital of River Newspaper Holdings Limited (“RNH”) (“the proposed transaction”).
2. The shareholdings in RNH pre and post-transaction are presented in Table 1, below. RNH was established with two subscribers Tim Collins and Pdraig O’Dwyer who jointly own the shares in trust for a number of share holders. The proposed transaction involves the acquisition by JA Trading of 50% of the shares in RNH by way of subscription for new shares.

| <b>Shareholders</b> | <b>Pre-transaction Shares (%)</b> | <b>Post-transaction Shares (%)</b> |
|---------------------|-----------------------------------|------------------------------------|
| JA Trading          | -                                 | 50%                                |
| Pdraig O’Dwyer      | [...]                             | [...]                              |
| Tim Collins         | [...]                             | [...]                              |
| Noel Shannon        | [...]                             | [...]                              |
| Billy Mulhern       | [...]                             | [...]                              |
| Daniel Browne       | [...]                             | [...]                              |
| Sean Grant          | [...]                             | [...]                              |
| DCA Accountants     | [...]                             | [...]                              |
| Total               | 100                               | 100                                |

Source: Submissions of the acquirer and the target.

3. As a result of the proposed transaction, RNH would be jointly controlled by JA Trading and the individual shareholders voting ‘*en block*’.
4. 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.
5. The Authority received an anonymous third party submission in respect of the proposed transaction which will be discussed below.

## The undertakings involved

### *The acquirer*

6. JA, the acquirer, is a Northern Ireland registered company. It is active in the publication and operation of local newspapers and is also active in printing. For the year ended April 2005, JA had a worldwide turnover of [...] [approximately ...]<sup>1</sup>. The acquirer's turnover from its activities in the State is approximately [...] [approximately ...].
7. The acquirer owns The Irish News Limited ("TINL"), which publishes The Irish News, a regional, paid-for daily (Monday-Saturday inclusive) publication. It is principally circulated in Northern Ireland<sup>2</sup>. For the year ended April 2005, TINL had a worldwide turnover of [...] [approximately ...] of which [...] [...] derived from its activities in the State.
8. The acquirer also jointly owns and operates River Newspapers (NI) Limited ("RNNIL"), a Northern Ireland registered company, with the target which publishes The Derry News. The Derry News is a paid-for publication which is published on Mondays and Thursdays. It is principally circulated in Northern Ireland.
9. Interpress is a Northern Ireland registered company and is a wholly-owned subsidiary of JA. Interpress is active in the printing of newspapers, including those of the target and of RNNIL, i.e., The Derry News, The Kildare Post, The Letterkenny Post, The Donegal Post and the Irish News.

### *The target*

10. RNH, the target, is registered in the State and is owned by two individuals, Tim Collins and Pdraig O'Dwyer, who jointly hold the shares in RNH in trust for several shareholders.
11. RNH itself has no turnover but generates turnover through several other affiliated companies, details of which are set out below.
12. RNH is active in the operation of local newspapers. It wholly owns and operates three local newspapers:
  - The Letterkenny Post  
River Newspapers Letterkenny Limited ("RNLL") is registered in the State and is a wholly-owned subsidiary of the target. It owns and publishes The Letterkenny Post, a free-sheet publication which began publication in September 2005. The Letterkenny Post is circulated in Letterkenny and within a ten-mile radius of Letterkenny in County Donegal. A small number of copies of The Letterkenny Post are circulated in Northern Ireland;
  - The Kildare Post  
River Newspapers Kildare Limited ("RNKL") is registered in the State and is wholly-owned subsidiary of the target. It owns and publishes The Kildare Post, a free-sheet publication which began publication in March 2006. The Kildare Post is circulated in County Kildare and in the west of County Wicklow on a weekly-basis; and

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<sup>1</sup> All conversions in this determination are based on an ECB reference rate at 23/11/2006 for Sterling: Euro Exchange rate of Stg£.6765:€1.00. Source: <http://www.centralbank.ie>.

<sup>2</sup> Sales of The Irish News in the State represent approximately [...] % of the total sales of The Irish News. The remaining [...] % of sales are made up from sales in Northern Ireland and abroad and through subscription sales.

- The Donegal Post  
River Newspapers South Donegal Limited (“RNSDL”) is registered in the State and is a wholly-owned subsidiary of the target. It owns and publishes The Donegal Post, a paid-for publication which began publication in June 2006. It is circulated on a weekly basis in the south of County Donegal.

13. The target also owns 50% of the shares in RNNIL, which operates The Derry News.

## Analysis

14. Both the acquirer and the target are involved in the operation of local newspapers.

|               | Title                | Type   | Circulation Area – Target/ other areas   | Circulation Figures in Target areas and in other areas   |
|---------------|----------------------|--|--|--|
| JA - Acquirer | The Irish News       | <ul style="list-style-type: none"> <li>• Paid-for</li> <li>• Regional</li> <li>• Daily</li> </ul>    | <p><b>Target Area:</b><br/>Northern Ireland and international</p> <p><b>Other<sup>3</sup>:</b><br/>County Kildare<br/>County Donegal</p> | <p><b>Target Area:</b><br/>Total circulation for period 01/01/06-30/06/06 = [...] daily</p> <p><b>Other:</b><br/>[...] (daily in County Kildare)<br/>[...] (daily in County Donegal)</p> |
| RNH - Target  | The Donegal Post     | <ul style="list-style-type: none"> <li>• Paid-for</li> <li>• Local</li> <li>• Weekly</li> </ul>      | <p><b>Target Area:</b><br/>South County Donegal</p>  | <p><b>Target Area:</b><br/>[...] (weekly in South County Donegal)</p>  |
|               | The Letterkenny Post | <ul style="list-style-type: none"> <li>• Freesheet</li> <li>• Local</li> <li>• Weekly</li> </ul>     | <p><b>Target Area:</b><br/>Letterkenny</p> <p><b>Other:</b><br/>Northern Ireland</p>   | <p><b>Target Area:</b><br/>[...] weekly</p> <p><b>Other:</b><br/>[...] (weekly in Northern Ireland)</p>  |
|               | The Kildare Post     | <ul style="list-style-type: none"> <li>• Freesheet</li> <li>• Local</li> <li>• Weekly</li> </ul>     | <p><b>Target Area:</b><br/>County Kildare<br/>West County Wicklow</p>  | <p><b>Target Area:</b><br/>[...] (weekly in County Kildare and in West County Wicklow)</p>   |
| RNNILL        | The Derry News       | <ul style="list-style-type: none"> <li>• Paid-for</li> <li>• Local</li> <li>• Semi-weekly</li> </ul> | <p><b>Target Area:</b><br/>Derry</p> <p><b>Other:</b><br/>Donegal/ Letterkenny</p>   | <p><b>Target Area:</b><br/>[...] (in Northern Ireland)</p> <p><b>Other:</b><br/>[...] (in County Donegal)</p>  |

**Source: The Competition Authority**

15. Table 2 shows that there is geographic overlap in respect of the activities undertakings involved in two areas: County Donegal; and County Kildare.

### *Overlap: County Donegal*

16. In County Donegal, copies of the paid-for daily regional newspaper, The Irish News, are circulated and sold [...], where the target’s local newspapers, the freesheet weekly publication, The Letterkenny Post [...], and the paid-for weekly publication, The Donegal Post [...], also circulate. The Derry News, a paid-for semi-weekly publication published jointly by the undertakings involved also has circulation in County Donegal [...]. Other local titles circulating in County Donegal include the Donegal Democrat and the Dealer.

<sup>3</sup> Circulation of The Irish News is much wider than that identified under ‘Other’ in Table 2 above in the State. Only those areas, however, which overlap with the circulation of the Target’s newspapers, have been set out in this section.

17. In respect of each instance of overlap in County Donegal, the acquirer's sales constitute a very small percentage of the sales of the target. The titles of the acquirer and the target in question are also not substitutable with the content of each respective local title aimed at readership in very local areas while the Irish News is a Northern Ireland regional newspaper with national and international content.
18. In respect of advertising carried in The Irish News on the one hand and, The Letterkenny Post, The Donegal Post and The Derry News on the other, the Authority has found that such advertising is distinct: advertising directly placed with Letterkenny Post, The Donegal Post and The Derry News is local to Letterkenny, South Donegal and Derry respectively while advertising placed in The Irish News is a mix of local, regional and national advertising placed directly and/or through agency sales. The Authority's investigation has therefore concluded that no competition concerns arise in this regard.

*Overlap: County Kildare*

19. In County Kildare, copies of the acquirer's The Irish News [...] are sold on a daily basis and the target's freesheet weekly publication, The Kildare Post, is also circulated [...]. The overlap in circulation is minimal while the advertising carried in both The Irish News and The Kildare post is distinct: advertising directly placed with The Kildare Post is local to County Kildare and West County Wicklow while advertising placed in The Irish News is a mix of local, regional and national advertising placed directly and/or through agency sales.
20. The Authority has found that while there is some geographic overlap in the circulation of the publications of the undertakings involved, this overlap is minimal. Further, there are no competition concerns in respect of advertising in the acquirer's or in the target's local newspapers.
21. The Authority has, therefore, concluded that in respect of the activities of the undertakings involved with respect to the publication and circulation of and advertising in local and regional newspapers, no competition concerns arise.

*Printing*

22. The acquirer, through its wholly-owned subsidiary, Interpress, currently prints the target's local newspapers, in addition its own local newspapers and those of third parties.
23. The Authority has found that the market for commercial printing services on the island of Ireland continues to be a highly competitive market with excess capacity. Third parties in the State requiring commercial printing services may choose from commercial printing services offered by, for example, Belfast Telegraph Newspapers, Web Concepts, Irish Times Print Facility, Smurfit Kappa, Meath Chronicle and Independent News and Media.
24. The Authority's investigation has found that while there is vertical overlap, this overlap will not give rise to competition concerns.
25. Having considered and investigated the third party submissions received by the Authority in respect of the proposed transaction, the Authority has concluded that of those issues raised relating specifically to this proposed acquisition, no competition concerns arise.

26. The Authority has therefore concluded that the proposed transaction does not give rise to competition concerns and will not lead to a substantial lessening of competition.

**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 JA Trading Limited 50% of the shares in River Newspaper Holdings 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