



## Determination of the Competition Authority

**Determination No. M/03/030 of the Competition Authority, dated 9 October 2003, under Section 21 of the Competition Act, 2002**

**Notification No. M/03/030 – Acquisition of a shareholding interest in Hughes Electronic Corporation by News Corporation Limited**

### Introduction

1. On 10 September 2003 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby News Corporation Limited (“News”), via affiliates, would acquire a 34% shareholding interest in Hughes Electronic Corporation (“Hughes”). The Authority, in accordance with s 23(1)(b) of the Act, notified the parties that it considers the transaction to be a media merger.
2. In examining this matter, the Authority considered submissions from the parties and other information to determine whether the transaction would put News in a position to control Hughes and thereby constitute a merger or acquisition for the purposes of s 16 of the Act. The Authority found that in acquiring a 34% interest in Hughes, News would acquire control of Hughes pursuant to s 16(1)(2) of the Act because control of various United States Federal Communications Commission licences and authorisations held by Hughes, including direct broadcast satellite (DBS), fixed satellite space station, earth station and terrestrial wireless licenses or authorisations would be transferred to News as part of the transaction. The Authority found that by gaining control of these assets that are integral to Hughes operation, News will be capable of exercising decisive influence in regard to the activities of Hughes and accordingly, will acquire control of Hughes. In reaching this view, the Authority also took into consideration the fact that News would be the largest single shareholder of Hughes, with all but one of the other shareholders being institutional investors holding no more than 3% of shares. Furthermore News representatives would hold significant management positions, including Chairman of the Board and the Chief Executive Officer. The Authority also took into account that while News would only acquire 34% of shares and was subject to certain standstill clauses, those prohibitions on increasing its shareholding would cease if another entity obtained a significant shareholding within Hughes, thus enabling it to protect an existing controlling interest.

### The Parties

3. News is a diversified international media and entertainment company with operations in a number of industry segments, including filmed entertainment, television, cable networking programming, magazines and inserts, newspapers and book publishing. Within Ireland, News’ principle business consists of newspaper printing and sales. It sells The Irish Sunday Times, The Irish Sun, The Irish News of the World and The Times in Ireland. It also owns approximately 35 % of the issued shares in BskyB.



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4. Hughes is a provider of digital television entertainment in the Americas and the Caribbean, broadband services, satellite-based private business networks, and video and data broadcasting including the manufacture of related equipment.

### **Analysis**

5. Hughes does not have any significant level of activity within the State. Accordingly, as there is no competitive overlap between the activities of the parties within the State, the transaction will not have a significant impact on competition within the State.

### **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 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**

**Edward Henneberry**  
**Member of the Competition Authority**

**9 October 2003**