



Determination of the Competition Authority

Determination No. M/04/005 of the Competition Authority, dated 20th February, under Section 21 of the Competition Act, 2002

Notification No. M/04/005 – Press Holdings International Limited proposed acquisition of Hollinger Inc.

Introduction

1. On 23rd January the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was jointly notified, on a mandatory basis, of a proposal whereby Press Holdings International Limited (“PHI”), a newly incorporated company, via a new subsidiary company Press Acquisition (“PA”), would acquire sole control of Hollinger Inc. (“HInc.”) by acquiring all the issued shares of HInc. 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.

The Parties¹

2. PHI is a newly incorporated Jersey company, which recently incorporated a Canadian subsidiary, PA, for the purpose of making this acquisition. Sir David Barclay and Sir Fredrick Barclay are the ultimate controllers of PHI. Sir David Barclay and Sir Fredrick Barclay also control, *inter alia*, the following business interests:

- a) The parent holding company of The Scotsman Publications Limited (“SPL”), a Scottish newspaper whose main titles are *The Scotsman*, *Scotland on Sunday* and *The Edinburgh Evening News*. The parties submitted that SPL does not have offices on the island of Ireland. It has four subscribers in the State to whom copies of *Scotland on Sunday* are sent direct from Scotland by post, and three subscribers receive *The Scotsman* during the week. The parties submitted that revenue arising out of these subscriptions is minimal due to the few number of subscribers.

SPL’s advertising revenue for 2003 from the State was Sterling £[~~3~~] from Irish agencies and clients, and Sterling £[~~3~~] via advertising agencies based in Edinburgh on behalf of Irish clients primarily in the tourism and travel sector.

The Edinburgh Evening News and its other titles have no circulation in the State; and

- b) The Business Publishing Limited (“BPL”) publishes *The Business*, a Sunday weekly financial newspaper. The parties submitted that BPL does not have offices on the island of Ireland. Prior to 2004, it did not actively distribute its title in Ireland. However, in January 2004, it reached an agreement for a number of copies of its title to be distributed for free with *Ireland on Sunday*. Associated Newspapers Limited, a UK company, also

¹ Information describing the parties is obtained from the notification.



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distributes *The Business* in the State. BPL's turnover in the State for 2003 was €[]. It does not receive any advertising revenue from Ireland.

Neither PHI nor PA has any business activities in the island of Ireland.

3. HInc. is an international holding company with assets consisting primarily of investments in its subsidiaries and affiliated companies. Its principal investment consists in Hollinger International Inc. ("HI"), a Delaware corporation involved in publishing, printing and distributing newspapers. HInc. owns approximately [] of the total issued shares of HI, which carries approximately [] of the total voting rights of HI. All of HInc.'s operating companies are owned through HI.
4. HI's principal operations include the Chicago Group, the Community Group, the Canadian Newspaper Group, and the UK Newspaper Group.
 - a) The Chicago Group consists of more than 100 titles, including the *Chicago Sun-Times*, *Post Tribune*, and city and suburban newspapers in the Chicago metropolitan area;
 - b) The Community Group consists of the *Jerusalem Post* and related publications;
 - c) The Canadian Newspaper Group consists of its magazine and business information group and community newspapers in western Canada; and
 - d) The UK Newspaper Group consists of *The Daily Telegraph*, *The Sunday Telegraph*, *The Weekly Telegraph*, *telegraph.co.uk*, and *The Spectator* and *Apollo* magazines. The parties submitted that *The Daily Telegraph*, *The Sunday Telegraph*, and *The Spectator* are distributed in the State. The parties submitted that HI generates revenues from this operation in the State.

However, the parties are not aware of any revenues achieved by HI in the State in relation to its other operations.

Analysis

5. The Authority does not deem it necessary, in this instance, to delineate the relevant market, as (a) the parties are not significant players in the newspapers business in the State; and (b) there is a small overlap between the parties' newspaper activities in the State. Although there is an overlap between *The Sunday Telegraph* and *The Business*, the combined circulation figure for these titles in the State is less than 7,000 copies for January-June 2003.
6. As there is minimal 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



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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

20th February 2004

Subsequent Development

On 2nd March 2004, PHI, through its legal representatives, informed the Authority that it has withdrawn the offer to acquire the entire share capital of HInc. and terminated the agreement with Ravelston and Lord Black. This decision follows the Delaware Chancery Court judgment of 26th February 2004 granting HI a preliminary injunction preventing the proposed transaction.

As a result of the termination of the agreement with Ravelston and Lord Black, the Authority's determination will not operate to allow the acquisition to be put into effect. Any new agreement between the parties will have to be the subject of a new notification.