



DETERMINATION OF MERGER NOTIFICATION M/07/005 – RIVER NEWSPAPERS (NI)/OLOK

Section 21 of the Competition Act 2002

Proposed acquisition by River Newspapers Northern Ireland Limited of Olok Limited

Dated 9/02/07

Introduction

1. On 12 January 2007, the Competition Authority (“the Authority”), in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on mandatory basis, of a proposal whereby River Newspapers (Northern Ireland) Limited (“RNNIL”) would acquire the entire issued share capital in Olok Limited (“Olok”).
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.

The Undertakings Involved

3. RNNIL, the acquirer, is a Northern Ireland registered company. RNNIL owns 100% of the Derry News Limited which publishes the newspaper ‘The Derry News’. The Derry News is mainly circulated in Northern Ireland with a small number of copies circulated in the State, mostly in County Donegal.
4. RNNIL is currently owned and controlled jointly by: (1) Tim Collins and Pdraig O’Dwyer who jointly hold in trust 50% of the shares in RNNIL¹; and, by (2) JA Trading Limited (“JA Trading”) which owns 50% of the shares in RNNIL.
5. JA Trading is a Northern Ireland registered company. It owns the Irish News Limited, which publishes the newspaper ‘The Irish News’. The Irish News is mainly circulated in Northern Ireland but is also circulated in County Donegal and elsewhere in the State and world-wide. JA Trading recently acquired 50% of the issued and to be issued share capital in River Newspaper Holdings Ltd (“RNHL”)². RNHL is involved in the publication of several local newspapers: ‘The Letterkenny Post’; ‘The Kildare Post’; ‘The Donegal Post’; and, ‘The Leitrim Post’.

¹ Pdraig O’Dwyer: [...]; Tim Collins: [...]; Noel Shannon: [...]; Billy Mulhern: [...]; Daniel Browne: [...]; Sean Grant: [...]; and, DCA Accountants: [...].

² The acquisition by JA Trading Limited of 50% of issued and to be issued shares in River Newspaper Holdings Limited was subject to mandatory notification under the Competition Act 2002. The transaction was notified in October 2006 and the Authority issued its determination in the matter on 23 November 2006. The written determination - Determination M/06/071 JA Trading/ River Newspapers – is available from the Authority’s website at http://www.tca.ie/MergersAcquisitions/MergerNotifications/MergerNotifications.aspx?selected_item=294.

6. JA Trading also owns 100% of the share capital of Interpress (Northern Ireland) Ltd, a newspaper printing company based in Northern Ireland which prints several of the titles published by JA Trading, RNHL and RNNIL.
7. Olok, the target, is incorporated in the State. It owns and operates 'The Inish Times', a paid-for, weekly local newspaper circulated on the Inishowen peninsula in County Donegal³.

Analysis

8. Both the acquirer and the target are active in the publication of local newspapers in the State. Table 1 sets out all of the titles published by the undertakings involved on the island of Ireland. It demonstrates that the publishing activities of the undertakings involved overlap generally in County Donegal in the State.

**Table 1
Newspaper Titles of the Undertakings Involved, Circulation Area and Figures, January 2007**

	Title	Type	Circulation Area – Target/ other areas	Circulation Figures in Target areas and in other areas
Acquirer RNNIL	The Derry News	<ul style="list-style-type: none"> • Paid-for • Local • Semi-weekly 	Target Area: Derry Other: Donegal/ Letterkenny	Target Area: [...] (in Northern Ireland) Other: [...] (in County Donegal)
	The Irish News	<ul style="list-style-type: none"> • Paid-for • Regional • Daily 	Target Area: Northern Ireland and international Other⁴: County Kildare County Donegal	Target Area: n/a - (total circulation for period 01/01/06-30/06/06 = [...]) Other: [...] daily by subscription in the State [...] (daily in County Kildare) [...] (daily in County Donegal)
	The Donegal Post	<ul style="list-style-type: none"> • Paid-for • Local • Weekly 	Target Area: South County Donegal	Target Area: [...] (weekly in South County Donegal)
	The Letterkenny Post	<ul style="list-style-type: none"> • Freesheet • Local • Weekly 	Target Area: Letterkenny Other: Northern Ireland	Target Area: [...] weekly Other: [...] (weekly in Northern Ireland)
	The Kildare Post	<ul style="list-style-type: none"> • Freesheet • Local • Weekly 	Target Area: County Kildare West County Wicklow	Target Area: [...] (weekly in County Kildare and in West County Wicklow)
	The Leitrim Post	<ul style="list-style-type: none"> • Paid-for • Local • Weekly 	Target Area: County Leitrim Other Areas: Northern Ireland	Target Area: [...] weekly in Co Leitrim Other Areas: Less than [...] (weekly in Northern Ireland)
Target Olok	The Inish Times	<ul style="list-style-type: none"> • Paid-for • Local • Weekly 	Target Area: Inishowen Peninsula	Target Area: [...]

Source: The Competition Authority

*** Shaded sections represent those titles which either JA Trading Limited and/or River Newspaper Holdings Limited jointly/individually publish. Both JA Trading Limited and River Newspaper Holdings Limited jointly own River Newspapers (Northern Ireland) Limited.

³ The target has three shareholders: Kevin Callaghan [...]; Edmund Simpson [...]; and, Charlotte Simpson [...]. None of the shareholders in the target have any other media interests in the State.

⁴ Circulation of The Irish News is much wider than that identified under 'Other' in Table 1 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.

9. The following information in respect of overlapping activities of the undertakings involved in County Donegal involved can be drawn from Table 1:

- The Derry News, jointly owned by JA Trading and RNNIL (the acquirer) sells [...] copies of the Derry News in the County Donegal/ Letterkenny region on a semi-weekly basis;
- The Irish News, owned by JA Trading, sells [...] copies of the Irish News in County Donegal daily;
- The Donegal Post, jointly owned by JA Trading and RNHL sells [...] copies weekly in south County Donegal;
- The Letterkenny Post, jointly owned by JA Trading and RNHL, circulates [...] copies weekly in Letterkenny; and,
- The Inish Times, owned by the target, sells [...] copies weekly on the Inishowen Peninsula in County Donegal.

10. Using the data from Table 1, with additional data provided by the undertakings involved, Table 2 provides a more detailed overview of local and/or regional titles circulating in County Donegal. Table 2 provides information about the type of publication in circulation; advertising revenues of each title, and, each title's percentage share of the estimated value of advertising in County Donegal.

Table 2
Local and Regional Titles Circulating in County Donegal, January 2007

Title	Type	Advertising revenue ⁵	Share of advertising ⁶
Titles of the Acquirer			
Letterkenny Post	<ul style="list-style-type: none"> • Freesheet • Local • Weekly 	[...]	[...]
Donegal Post	<ul style="list-style-type: none"> • Paid-for • Local • Weekly 	[...]	[...]
The Derry News	<ul style="list-style-type: none"> • Paid-for • Local • Semi-weekly 	[...] ⁷	[...]
Irish News	<ul style="list-style-type: none"> • Paid-for • Regional • Daily 	[...]	[...]
Titles of the Target			
The Inish Times	<ul style="list-style-type: none"> • Paid-for • Local • Weekly 	[...]	[...]
Other Titles			
Donegal on Sunday	<ul style="list-style-type: none"> • Paid-for • Local • Weekly 	[...]	[...]
Donegal Democrat (Tues)	<ul style="list-style-type: none"> • Paid-for • Local • Weekly 	[...]	[...]
Donegal Democrat (Thurs)	<ul style="list-style-type: none"> • Paid-for • Local 	[...]	[...]

⁵ Figures based on revenue derived from advertising from County Donegal. The figure for the Derry News is the total amount of revenue it derived from advertising across the several geographic areas in which advertisers buy advertising space in the Derry News, including County Donegal.

⁶ Share figures are based on best efforts, industry knowledge and best estimates of the undertakings involved.

⁷ Based on exchange rate as of 9 February 2006, source Central Bank of Ireland: <http://www.centralbank.ie> using ECB conversion rates. No breakdown was available for revenue derived from advertising of The Derry News in County Donegal. It appears to be [...].

	<ul style="list-style-type: none"> • Weekly 		
Donegal News	<ul style="list-style-type: none"> • Paid-for • Local • Weekly 	[...]	[...]
The Dealer	<ul style="list-style-type: none"> • Free-sheet classifieds • Weekly • Local 	[...]	[...]
The Derry Journal	<ul style="list-style-type: none"> • Paid-for • Local • Semi-weekly 	[...]	[...]
Source: The Competition Authority			

11. The acquirer's titles which circulate in County Donegal are: 'The Derry News'; 'The Irish News'; 'The Letterkenny Post'; and, 'The Donegal Post'.
12. There are at least eleven editions of local and/or regional newspapers circulating in County Donegal. Of those eleven, the acquirer RNNIL and its shareholders, post-merger will own and operate five local and/or regional newspapers.
13. The undertakings involved have submitted that the overlap in Donegal between the titles of the acquirer, on the one hand, and 'The Inish Times', on the other is negligible. Few copies of any of the acquirer's other titles are sold and/or circulated in the Inishowen Peninsula area. 'The Inish Times' content is focused on its Inishowen circulation.
14. The undertakings involved have submitted that 'The Inish Times' main competitor is the 'Derry Journal' which sells approximately [...] copies weekly on the Inishowen Peninsula compared with [...] copies sold weekly of 'The Inish Times'. Other titles, as set out in Table 2 above, which circulate in County Donegal are also available in the Inishowen region.
15. The post-merged entity's collective estimated percentage share of the value of all advertising in County Donegal is approximately [...]. Advertising carried by each of the acquirer's titles in County Donegal, however is local to the specific target area of each title. Advertising carried by 'The Inish Times' is local to Inishowen and there is no overlap in advertising carried by the acquirer's publications with those of 'The Inish Times'.
16. For the reasons set out in the preceding paragraphs, the proposed transaction, in this regard, does not give rise to competition concerns.

Printing

17. The acquirer, through its wholly-owned subsidiary, Interpress, currently prints all of the acquirer's titles, in addition to third party titles. The acquirer does not print 'The Inish Times' which is currently printed by The Meath Chronicle.
18. The proposed transaction does not give rise to competition concerns in this regard.

Determination

The Competition Authority, in accordance with Section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by River Newspapers (Northern Ireland) Limited of Olok

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 subject to the provisions of Section 23(9) of the Competition Act 2002.

For the Competition Authority

Dr. Paul K. Gorecki
Member of the Competition Authority