

## **Submission from Northcliffe Newspapers Group**

21<sup>st</sup> May 2004

### **ARCHANT / INM INQUIRY**

Further to your letter dated 6<sup>th</sup> May 2004, I am writing to set out Northcliffe Newspapers Group's (NNG) comments regarding the above inquiry.

As this inquiry follows one that considered the proposed acquisition of the same assets, you will not be surprised that NNG's views as to the extent of competition and ease of entry are the same now as were accurately summarised in that report. In particular, NNG believes that the competition for advertising is far wider than the narrow market definition adopted by the Competition Commission in its recent reports on the industry, with local radio and the Internet having an ever-increasing importance.

Given NNG's belief that competition for advertising is increasing and that Greater London is arguably served by a wider range of traditional and niche advertising platforms than any other part of the country, the outcome of the previous inquiry was surprising.

On the basis that the Competition Commission finds that the market remains narrow in this inquiry, NNG believes that it is inevitable that the current transaction would raise similar issues to those identified previously, presumably with the same result.

The longer time frame given to this inquiry will hopefully permit the Competition Commission to give further consideration to the extent of and definition of the market. It is also important that the same approach is applied to any potential purchaser as to that applied to the larger publishers, particularly as it relates to local levels of concentration.

In terms of jurisdiction, NNG is surprised that the whole transaction is being referred to the Competition Commission under the terms of the

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Communications Act 2003, given that the transaction was announced prior to the introduction of the new regime. The Fair Trading Act 1973 was drafted "widely" to avoid parties circumventing that legislation, so the initial transaction together with the put and call option should, in our opinion, be caught by that legislation as Archant would have exceeded the 500,000 paid-for threshold. If there is no linkage between the two parts of the transaction (which given that both parts of the transaction are now to be reviewed under

the Communications Act would suggest that there is) it is unclear why the inquiry is not limited to solely those titles acquired under the put and call, which did take place under the new legislation.

Should you wish to discuss any aspect of the proposed transaction further or the contents of this letter, please do not hesitate to contact me.

Yours sincerely,

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**Kevin Beatty**  
Managing Director