



Department for  
Digital, Culture,  
Media & Sport

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**By email**

[REDACTED]

DMGT  
Northcliffe House  
2 Derry Street  
London W2 5TT

[REDACTED]

9 January 2020

Dear [REDACTED]

**Daily Mail and General Trust plc (“DMGT”) acquisition of JPI Media Publications Limited - notice of a potential Intervention Notice**

I refer to the recent completed acquisition by DMGT, whereby DMGT acquired the entire issued share capital of JPI Media Publications Limited (“the merger”), and thus ownership of the i newspaper, in relation to which a merger notice was submitted to the Competition and Markets Authority (“the CMA”) on 6th December 2019 (“the merger notice”). I acknowledge receipt of the letter from DMGT to the Secretary of State for Digital, Culture, Media and Sport (“the Secretary of State”) dated 20th December 2019 regarding the acquisition of the i newspaper by DMGT (“DMGT’s letter”).

Please note that references to sections in this letter are to sections of the Enterprise Act 2002 (“the Act”). References to “the Guidance” are to the “Enterprise Act 2002: public interest intervention in media mergers - guidance on the operation of the public interest merger provisions relating to newspaper and other media mergers”, published by the Department for Trade and Industry, May 2004.<sup>1</sup>

The Secretary of State has considered the merger and is currently minded to issue a Public Interest Intervention Notice (“PIIN”) under section 42(2) as:

- (a) she considers that she has reasonable grounds for suspecting that it is or may be the case that a relevant merger situation (as defined in section 23) has been created; and
- (b) she believes that it is or may be the case that one or more than one public interest consideration specified in section 58 is relevant to a consideration of the relevant merger situation concerned.

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<sup>1</sup> The Guidance can be accessed here:

<https://www.gov.uk/government/publications/enterprise-act-2002-public-interest-intervention-in-media-mergers>



The public interest grounds that the Secretary of State considers is or may be relevant is the need for, to the extent that it is reasonable and practicable, a sufficient plurality of views in newspapers in each market for newspapers in the United Kingdom or a part of the United Kingdom (see section 58(2B)) (“the plurality ground”).

Sections 44 and 44A provide that when a PIIN has been issued, the CMA and Ofcom must, respectively, provide reports on certain issues relevant to the merger and on the specified public interest considerations, and for each to summarise any representations received about the case, within such period as the Secretary of State may require.

### **The existence of a relevant merger situation**

The Secretary of State considers that there are reasonable grounds for suspecting that it is or may be the case that a relevant merger situation (as defined in section 23) has been created in light of the following factors:

- (a) two enterprises, DMGT and JPI Media Publications Limited have ceased to be distinct enterprises; and
- (b) the transaction will increase DMGT's share of national newspaper circulation above the share of supply threshold of 25% mentioned in section 23,

### **The plurality ground**

Paragraphs 5.11 to 5.15 of the Guidance concern the plurality ground. From paragraphs 5.11-5.12, “a sufficient plurality of views” encompasses the need for a diversity of viewpoints, and for there to be a variety of outlets and publications in which they can be expressed, qualified by the reference to reasonableness and practicability. From paragraph 5.15, plurality concerns may be more likely to arise in relation to mergers between existing newspaper proprietors.

The Secretary of State welcomes the public declarations and similar points raised in DMGT's letter of 20 December 2019 to maintain the existence of the *i* newspaper and its particular editorial standpoint and editorial independence, referred to in DMGT's letter, and in public statements. However, she notes that different decisions could be taken in future. In broad terms, bringing together titles with divergent viewpoints may raise concerns about a potential lessening of the plurality of viewpoints in the market in question if there is a risk that editorial positions may be aligned. The merger means a reduction in the number of operators in the daily newspaper market from seven to six.

The Secretary of State is aware of the risk that the *i* might have ceased to have been published in the absence of this merger, as its parent company was close to being placed into administration in 2018. The Secretary of State also notes that Ofcom has said in a previous report (concerning the *Reach/Northern & Shell* merger)<sup>2</sup> that “consolidation of print publishers may offer one way to support the long-term viability of newspapers and their role in media plurality” (see paragraph 3.35 of that report).

The Secretary of State notes the possibility of cost savings from the purchase by DMGT: “We do expect there to be cost synergies as we believe that DMG Media's existing back-office infrastructure can support the *i*, which will deliver some savings. Also, there are likely to be some synergies

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<sup>2</sup> Public interest test for the acquisition by Trinity Mirror plc of publishing assets of Northern & Shell Media Group Limited - Ofcom's advice to the Secretary of State  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/717994/Ofcom\\_PIT\\_TMNS\\_31052018\\_redacted.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/717994/Ofcom_PIT_TMNS_31052018_redacted.pdf)

around printing, production and distribution, but they will take a little time to come through.” Paul Zwillenberg, Chief Executive of DMGT, quoted in the Independent.<sup>3</sup>

On balance, the Secretary of State considers that it would be useful for the issues around plurality to be explored.

## Conclusion

The Secretary of State considers that it would be beneficial for the issues set out above to be considered in more depth, and in particular whether there is a need for any specific formal mechanisms to ensure that editorial independence is maintained at the i.

Therefore, the Secretary of State is minded to conclude that the public interest consideration specified in this letter may be relevant to a consideration of the merger, and that the appropriate course is for her to receive reports from the CMA and Ofcom before deciding whether to make a reference under section 45 for a more detailed consideration of these matters by the CMA.

The Secretary of State is not making a final determination at this stage. Consequently, you now have you the opportunity to provide further representations in writing. Any such representations should be sent to [REDACTED] via email [REDACTED] by 5pm on **Monday 13th January**. The Secretary of State will consider these representations before taking a final decision on whether to issue a PIIN in respect of the merger.

Yours sincerely

[REDACTED]

[REDACTED]  
Director, Media & Creative Industries

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<sup>3</sup> <https://www.independent.co.uk/news/uk/home-news/daily-mail-i-newspaper-dmgt-buy-purchase-price-a9225871.html>

