

Daily Mail and General Trust plc

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13 January 2020

**By Registered Signed For Post;
and by email:-** [REDACTED]

Dear [REDACTED]

The acquisition by Daily Mail and General Trust plc (“DMGT”) of JPI Media Publications Limited (the “Transaction”)

Thank you for your letter dated 9 January 2020, in which you note that the Secretary of State for Digital, Culture, Media and Sport is minded to intervene in the above Transaction on public interest grounds. Thank you also for the opportunity to provide further representations in writing.

The Secretary of State has welcomed DMGT’s public declarations to maintain the existence of the **i** newspaper and its particular editorial standpoint and editorial independence, but notes that “*different decisions could be taken in future*”.

The Secretary of State should please treat this letter as DMGT’s assurance that DMGT has no intention of closing the **i**. Such a step would be wholly at odds with the rationale for the Transaction.

Your letter also acknowledges the potential benefits of DMGT’s ownership in terms of the synergies of the Transaction. DMGT would add that, compared to the **i**’s previous financial owners, it has a greater commitment to investment in editorial content and the long-term

sustainability of the UK press industry. The **i**'s prospects, and any role it plays in media plurality, have therefore improved rather than deteriorated as a result of the Transaction.

There is also no risk that DMGT's ownership could jeopardise the **i**'s editorial independence.

The editorial independence of DMGT's publications is an article of faith for DMGT. Reporting lines are carefully structured so that commercial management has no influence over editorial policies, and so that editors of each newspaper within the stable are free to adopt their own stance.

This has been DMGT's policy for many years and is an essential component of the company's success in maintaining thriving titles, in contrast to many of its competitors.

It was set out by DMGT's chairman Lord Rothermere when he gave evidence to the Leveson Inquiry. He said very clearly: "*Our Editors have complete editorial independence*".

This was endorsed by Editor-in-chief Paul Dacre in a keynote speech to the Society of Editors in 2018: "*I'm proud of having worked for the Rothermere family who, while often disagreeing with my views, granted me that inestimable gift - the freedom to edit without interference*".

Indeed, DMGT has proven its success in maintaining editorially independent publications with the establishment of Metro more than 20 years ago. Metro has had a deliberate policy from its launch of having no political stance, and in the public consciousness most would not even know it is part of the DMGT portfolio.

The Daily Mail and The Mail on Sunday do take political positions, but that is a matter for their editors to decide - there is no company line. It is a matter of record that during the referendum campaign the Daily Mail was pro-Brexit, whereas The Mail on Sunday was pro-Remain.

When, as was later reported, the then Prime Minister tried to persuade Lord Rothermere to sack the Editor of the Daily Mail for supporting Brexit, Lord Rothermere refused. A spokesman for DMGT said: "*Over the years, Lord Rothermere has been leant on by more than one prime minister to remove Associated Newspapers' editors but, as he told Lord Justice Leveson on oath, he does not interfere with the editorial policies of his papers.*"

If it would help, we would be willing to provide statements from the editors of the Daily Mail, The Mail on Sunday and Metro, who all support the position that within DMGT there is editorial independence which is maintained across its various publications.

Even if editorial independence was not a fundamental company policy, as explained in DMGT's letter to the Secretary of State of 20 December 2019, any perceived change to the **i**'s editorial independence would also be likely to have a materially negative impact on readership figures as well as significant financial repercussions for DMGT, given the knock-on consequences for advertising revenue streams.

The letter of 9 January suggests that the transaction "*means a reduction in the number of operators in the daily newspaper market from seven to six*" and cites guidance published by the former Department for Trade and Industry, to the effect that concerns may be more likely where mergers take place between existing newspaper owners.

DMGT respectfully submits that this aspect of the transaction is already properly being reviewed by the Competition and Markets Authority. Indeed, the full quotation from the guidance makes clear that "*whilst plurality concerns may be more likely to arise in relation to mergers between existing newspaper proprietors, when assessing the impact of a merger on the newspaper public interest considerations it is not intended to replicate or import aspects of the substantial lessening of competition test that applies in relation to mergers raising competition concerns.*"

The Transaction results in the addition of only one title to DMGT's stable. [REDACTED]

[REDACTED] The Transaction does not result in a material or major change to DMGT's overall position or ability to make an editorial impact.

We also note that when Ofcom examined the acquisition of Northern & Shell by Reach plc it listed ten daily newspaper publishers, including the Lebedev Foundation (Evening Standard) and Nikkei (Financial Times). The acquisition of Northern & Shell reduced that to nine, and the Transaction would reduce it to eight, not six.

Moreover, the Transaction provides greater financial security to the **i**, helping to ensure its durability and consequently media plurality. As the Government's Cairncross Review recognised, the news publishing industry in the U.K. faces an existential crisis as it struggles to replace dwindling print revenues with elusive digital income.

Smaller titles such as the **i** will not survive in a crowded digital market without the support of owners in a position to provide both back office synergies and long-term investment.

If the **i** is to thrive in the coming decade it is going to have to make the digital transition, and its website requires urgent investment. DMGT is ready to make that investment, but cannot do so while there is delay and uncertainty caused by an Ofcom review.

DMGT also notes that the guidance, and indeed the public interest ground, on which the Secretary of State is minded to intervene was drawn up more than 15 years ago. There has been a seismic shift in the nature of news consumption since that time, with a huge decline in the importance of print newspapers and a proliferation of other sources, in particular online news. Ofcom has observed as much, finding in its 2019 news consumption survey that only 1% of people surveyed used exclusively newspapers for news.

Ofcom also emphasised the point in its report into the acquisition of Northern & Shell, expressing *“concerns that a narrow assessment of plurality in print newspapers no longer reflects the reality of the way the public gets their news”*.

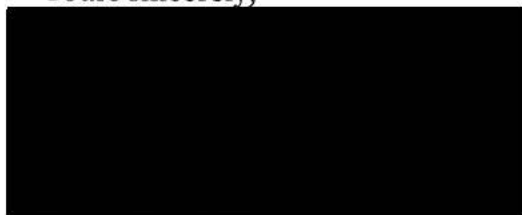
The newspaper segment is now much more than just newspapers, and in the digital category there are many new voices. Media plurality is plainly much greater online, with players such as Huffington Post, Buzz Feed, Google News, Apple News not to mention The Independent newspaper, now only available online at independent.co.uk. Broadcasters too have major news websites - BBC, Sky and ITV News.

The acquisition of Northern & Shell involved the publisher of three national newspapers (the Daily Mirror, Sunday Mirror and Sunday People) and more than 100 regional titles, acquiring the publisher of four national titles (the Daily Express, Sunday Express, Daily Star and Daily Star Sunday). This Transaction involves the publisher of three newspaper titles acquiring just one further title. It is difficult to see how Ofcom, having approved the Northern & Shell takeover, could find reasons to oppose this Transaction.

DMGT therefore respectfully submits that it is not necessary or appropriate to commission a detailed report on public interest grounds - in particular grounds that Ofcom itself has suggested are no longer fit for purpose - in this case.

Please do not hesitate to contact me if you would like any further information.

Yours sincerely,



**Group Legal Director,
Daily Mail and General Trust plc**