



News Release

27/10: New OFT regime likely to reflect industry concerns, says Minister

The Office of Fair Trading (OFT's) new regime is likely to reflect industry concerns over the future of newspaper and magazine distribution in the issuing of its final opinion, although this is not likely to be for some weeks, according to Gerry Sutcliffe MP, Minister for Employment Relations and Consumer Affairs, speaking in Parliament yesterday, Wednesday 27 October.

During an adjournment debate in Westminster Hall titled 'OFT review of magazine distribution' the Minister said that although the OFT was entirely independent of Government the new regime was "keenly aware of the range of issues that excite Members of Parliament." He was responding to Conservative MP for Hornchurch, James Brokenshire, who expressed strong criticism of the OFT's provisional opinion, saying he failed to see "where a newspaper ends and a magazine begins" and warning of a "David and Goliath situation" if supermarkets were given too much power in Press distribution.

In its provisional opinion in May, the OFT held that the present system of newspaper distribution was compatible with competition law, but that in the case of magazines, the restriction on passive sales from outside exclusive territories (in response to "unsolicited requests") should be lifted. This would allow the multiple retailers to disrupt the supply chain by choosing a different wholesaler, thereby increasing the costs of supply to smaller independent retailers.

Brokenshire warned of "unintended consequences" such as the potential damage to newspaper circulation that would occur if independent newsagents were forced out of business and argued the case for a new industry code of practice, as an alternative to damaging changes opposed by so many in the industry. Said

Brokenshire: ""It is not intuitively obvious that a competition regulator should feel comfortable in its judgement when it is seemingly opposed by virtually every interest group in the sector."

Sutcliffe welcomed the fact that the MP had been given time for the debate . He said it should be remembered that the OFT had not yet issued a final opinion and that "it is not likely to do so for some weeks." He emphasised that efforts were being made "outside formalised structures" to find a way through, although he was keen to point out that the OFT was entirely independent of Government and that the Conservatives had supported this under the provisions of the Enterprise Act.

Said Sutcliffe: "Ministers should not become involved in matters about which they do not have the full information, however I am not saying that they should not have a view or an opportunity to express the concern of their colleagues."

Tessa Jowell, Secretary of State at the Department of Culture, Media and Sport (DCMS) , recently intervened in the debate, writing to the new chairman of the OFT to oppose plans to break up the existing distribution system.

Jowell recently wrote to chairman Philip Collins, to say she was "increasingly concerned" about the issue, currently being reviewed by the OFT as she was "worried about the potential for there to be an adverse impact on the public's ability to access the full and diverse range of publications currently available."

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