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# Foreign investment in the media in Ireland

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## Satellite Broadcasting, Film/Video Production and Distribution, Advertising

There are an increasing number of instances of foreign (mainly U.S.) capital investments in the Irish media. Generally, foreign ownership, although on the increase, is quite limited and of no particular (outspoken) concern to any group or politicians within Ireland. In Irish law there are no explicitly stated restrictions on foreign ownership of Irish media services, but in early 1991 it still seems unlikely that any Irish mass medium will be totally foreign-owned in the near future. The exceptions to this are those media whose requirements of investment capital would far exceed the financial capacity of a small state like Ireland. This is the case in Direct Broadcasting by Satellite (DBS), where the licence for Irish DBS was awarded to Atlantic Satellites, a company 87 per cent of whose shares are owned by Hughes Communication, a subsidiary of the US Hughes Aircraft Corporation.

A further section of the media industry in which foreign ownership dominates is advertising, in that the majority of the larger Irish advertising agencies, as is the case in a great number of West European countries, are owned by US and UK multinational agencies. In fact, multinational agencies now control more than half the advertising agency turnover of around £150 million (1990). In the field of outdoor advertising, the Irish company with around 67 per cent of the market (David Allen Outdoor Advertising) is owned by the French media multinational Avenir Havas.

As well as that, TV3, the planned private commercial television channel may turn out to be partially, if not wholly owned by foreign companies, seeing that the TV3 consortium seems to be running into difficulties finding Irish investors willing to put up all of the £30 million necessary to set up the television station (see below). Another area of the mass media that is almost wholly foreign owned is that of film distribution which - like in many other countries - is mainly in the hands of the major US film companies. On the other hand, the Irish film and television programme production industry consists mainly of Irish owned companies. The only exception is film animation which has become a major part of the Irish film industry, due to the establishment of three companies of US origin (Sullivan Bluth Studios, Murakami Wolf, and Emerald City (1)).

Although foreign owned, Irish state agencies retain a certain amount of control in the sections of the media industry outlined above. Thus the services provided by any future Irish satellite are subject to government approval; in the area of film distribution, all films shown in Ireland are subject to the fairly extensive Censorship of Film legislation which specifies, inter alia, that all films shown in public need a certificate issued by Ireland's Film Censor.

Advertising is subject to an agreed code of advertising standards drawn up by the Irish advertising industry; broadcast advertising is subject to the government-approved RTE Code of Standards for Broadcast Advertising. In future, broadcast advertising will be subject to the EC Directive on Television Broadcasting 1989, and to a 'code of practice relating to advertising and other commercial promotions', which the Minister for Communications is obliged to draw up under Section 4 of the Broadcasting Act 1990.

## Print media

Foreign ownership of the press in Ireland is, as yet, quite limited, but there are a number of instances of it. The main one is the 1989 acquisition of a controlling 50 per cent share in the loss-making Irish Press Newspapers by the US company Ingersoll Publications. Irish Press newspapers publish three national papers: the *Irish Press*, *Evening Press*, and the *Sunday Press* with audited circulation figures (1990) of 60,635, 99,467 and 207,852 copies respectively. However, as this group of newspapers has only a relatively small market share (approximately 24 per cent of the total circulation of national daily newspapers and 23 per cent of national Sunday newspapers (1990)), the sale has a fairly negligible effect in terms of overall foreign ownership of the press.

As well as that, Eurexpansion, a Belgian subsidiary of the French publishing Groupe Expansion, owns a 50 per cent shareholding in the *Sunday Business Post*, a new business newspaper launched in November 1989. The tabloid newspaper *The Star*, with an average daily circulation of 76,752 sold copies (1990), is jointly owned by the Irish company Independent Newspapers and Express Newspapers (UK). Furthermore, the British publishing empire run by Robert Maxwell has bought a controlling interest

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1. The largest of these 3 companies, Sullivan Bluth Studios, which has its headquarters in Dublin, at the time of writing, is involved in negotiations with potential European investors for substantial equity investment. Emerald City, which has its headquarters in the US, closed its Irish operation in March 1991, apparently due to a decline in US investments - a result of the Gulf War.

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in Irish Tatler Publications, publisher of seven consumer magazines in all, including several in-house titles of a number of Irish companies.

Newspaper reports in June 1990 reported on a planned acquisition that would constitute a significant inroad into foreign ownership of the Irish press medium, namely the planned purchase of 20 per cent of Independent Newspapers (the largest press group in Ireland) by the *Washington Post*. Apparently, the *Washington Post* Company, which is also involved in U.S. cable television, became interested in the Irish company because of the latter company's interest in 18 of the recently awarded Multipoint Microwave Distribution System (MMDS) licences (2), Ireland being the first EC country to use this television retransmission technology which is seen as having a potential for the television system in Europe generally. What may not be unrelated to this reported planned acquisition is the fact that Dr. Tony O'Reilly, chairman (and owner of the largest shareholding) of Independent Newspapers is a member of the board of the U.S. company. However, at the end of February 1991 there has been no further news on this planned acquisition: in fact an enquiry to the head office of Independent Newspapers elicited the response that this deal had not materialized.

Again, it is probably the small size of the Irish market that has to date precluded foreign, especially British, publishers from buying up Irish newspapers/magazines. As well as that British newspapers are freely available in Ireland and as Ireland, unlike the UK, imposes value-added tax on the printing of newspapers, the U.K. newspapers are generally cheaper than Irish newspapers. Therefore it is probably far more profitable for British newspapers to print a few extra copies of their British editions for the Irish market than to contemplate buying an Irish newspaper company. Ireland retains a certain amount of control of imported publications through its censorship laws. Thus some British publications are banned from sale in Ireland, especially ones which are construed by the official Censor of Publications as being obscene, or not in the interests of public morality, e.g. magazines such as *Playboy*, and most recently the *Sunday Sports*. (The same legislation applies to books, and it tends to be foreign books of an explicit sexual nature that are banned in Ireland.)

### Broadcast and Electronic Media

Concerning the broadcast media, at times there seems to be what could be described as an implicit (i.e. not formally stated) government policy of restricting (or at least limiting) foreign ownership of this mass medium (which generally tends to be more highly regulated than the press). The clearest recent (1990) instance of this was the insistence by the Government on the sale of Cablelink, the largest cable operator in Ireland with over 80 per cent of the total number of cable television subscribers, to Telecom Eireann rather than to the US company PacTel (thereby also preventing any possible competition by PacTel with Telecom Eireann in the provision of telecommunications services via cable systems networks).

With the exception of the Dublin station 98 FM, in which 18 per cent of the shares are held by Downtown Radio, Belfast (and a further 2 per cent by one of directors of the Northern Irish station), the licences for private local radio services are in the hands of Irish companies. In fact, the broadcasting contracts between these companies and the Independent Radio and Television Commission (IRTC) specify that any change in ownership of the respective radio station (and of ownership of more than 25 per cent of the shares in individual stations) by a person not normally resident in a member state of the European Communities) is subject to the approval of the IRTC, whose decisions in turn are subject to approval by the Minister for Communications. In this way, any possible buy-out of a broadcast medium could in theory be prevented by the government, should it wish to do so.

As regards the planned TV3, it is generally expected that this new service will be partially foreign owned. It seems likely that one of the British ITV companies, such as Yorkshire Television and/or Northern Ireland's UTV, will take a share in TV3 or will come to some arrangement in terms of sharing programming. Also, a newspaper report in October 1990 stated that Radio Luxembourg's (RTL) parent company CLT is involved in negotiations about becoming a major investor in TV3. There may be some accuracy in this press report as an investment of this nature would seem to be of interest for CLT as it would give RTL with its experience in television broadcasting a foothold in English language television. However, a more precise evaluation of the possible ownership of TV3 will have to await the signing of contracts between TV3 and the IRTC, an event which is expected to happen in the late spring of 1991.

Another instance of foreign investment in the Irish broadcast media is the national private commercial radio station, Century 100. In 1990 Century was reported to have accumulated losses of between £3-£4 million since the start of its operations in mid 1989. Since then Capital Radio London has provided the station with loan capital of IR£1.5 million as part of a management contract for Century Radio. As part of this deal, Capital Radio was given the option of taking a 20 per cent share in Century, an

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2. See the article on 'Broadcasting Law and Broadcasting Policy in Ireland' in this issue.

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option that has not yet been taken up at the end of February 1991. So effectively Century is currently being operated in line with programming and operational ideas partially emanating from London. Whether or not this means that ultimately Capital Radio will own a major share in the Irish national radio service is not yet clear.

Concerning cable systems, the second largest operator in the State, the firm Cable Management (Ire) Ltd., is a mainly US owned company. The firm has 18 of the 43 cable television licences issued by the Department of Communications, and has a total of approximately 35,000 cable television subscribers. It is also one of the seven MMDS franchisees and has been allocated four of the 29 MMDS television retransmission licences in the Donegal/Sligo area. The company is currently upgrading its cable systems in order to provide a maximum of 35 television channels to its subscribers. Cable Management may also become a major force in the provision of cable television in Northern Ireland where it has acquired (from British Telecom) the firm Ulster Cablevision, the company licensed to provide cable television in Belfast. The company is currently planning to instal cable television in around 130,000 homes in the greater Belfast area.

Finally , there is a certain amount of foreign investment in the Irish telematic media (3). Thus the company Minitel Communications Ltd. (MCL), which started its Minitel videotex service in March 1991, is a company jointly owned by Allied Irish Banks, Telecom Eireann, Telecom France and the French bank Credit Lyonnaise. Traditionally Irish videotex services have been undertaken primarily as private business ventures and were aimed at specific interest groups. However, Minitel will be the first service aimed not only at the business market, but also at the general Irish consumer market. MCL is currently introducing 5000 Minitel terminals in Ireland, it plans to increase this number to 10,000 over the next 5 years.

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3. According to the International Telecommunications Union, telematics describes a set of services, different from the traditional telegraphic and telephonic ones, which can be provided to the users by a telecommunications net and which allow public and private information and data to be sent and received. Telematic media include electronic mail, videotex, teletext, videoconferencing, homebanking, etc.

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