



# World Association of Newspapers

ASSOCIATION MONDIALE DES JOURNAUX • ASOCIACIÓN MUNDIAL DE PERIÓDICOS • WELTVERBAND DER ZEITUNGEN

His Excellency Aníbal Cavaco Silva  
President of Portugal  
Lisbon, Portugal

23 April 2009

Your Excellency,

We are writing on behalf of the World Association of Newspapers and the World Editors Forum, which represent 18,000 publications in 102 countries, to express our serious concern at the deliberate abuse of state funding of the press by the regional government of Madeira and the consequent distortion of the newspaper market and infringement of basic rules of competition.

Empresa Diário de Notícias Lda is the publisher of the Diário de Notícias, the largest daily circulation newspaper in Madeira. The Empresa do Jornal de Madeira Lda (EJM) publishes the Jornal da Madeira and is 99.97% owned by the Government of the Regional Autonomy of Madeira (RAM). According to the reports, the total support given to the EJM by the RAM from 1993 to 2008 exceeds €38 million. At the same time, the RAM has unequally distributed government advertising between the newspapers. In 2007 and 2008, the RAM purchased 234 and 216 pages in the Jornal da Madeira, while only buying 10 and 18 pages per year in the Diário de Notícias.

Despite these infringements of Portugal's Competition Rules, Empresa Diário de Notícias Lda was able to trade profitably without the need for public or shareholder financial support. Until 31 December 2007, the Diário de Notícias printed an average 15,922 papers daily which were sold at €0.70 each, while the Jornal da Madeira had a print run of approximately 5,000 papers with a price of €0.50 each. However, from 2 January 2008 the Jornal da Madeira became a free newspaper and its print run was increased to 15,000. At the same time, it substantially reduced the cost of advertising. There appeared to be no effort to run the newspaper as a profitable operation, rather it acts as a deliberate policy to use state funding to damage Diário de Notícias. This anti-competitive behaviour directly affects the profitability of Empresa Diário de Notícias and threatens the jobs of 120 staff.

Following representations by Empresa Diário de Notícias, the RAM took the limited action of putting a €0.10 cover price on the Jornal da Madeira from July 2008 and reducing the print run to 6,500 daily, and 9,000 on Sundays. However, the reaction to the complaint submitted to the

competition authorities by Empresa Diário de Notícias in April 2009 has been to once again increase the circulation of the Jornal de Madeira to 15,000 and to adopt an even more aggressive advertising sales approach with a 90% discount on standard advertising prices.

We are seriously concerned that the RAM – the President of which is a regular contributor to Jornal da Madeira, which is a strong supporter of his party – is acting in contravention of Portugal's Competition Rules and using state funds to try to force Diário de Notícias out of business. Furthermore, by threatening the existence of Diário de Notícias, the actions of the RAM constitute a direct threat to freedom of expression.

We respectfully call on you to take all necessary steps to ensure that the Competition Authorities hold an urgent and transparent investigation into the actions of the RAM. We ask that you do everything in your power to ensure that the RAM is prevented from distorting the newspaper market in Madeira and that in the future it respects the rules of free market competition.

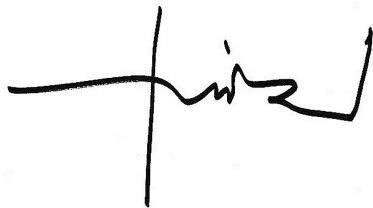
We look forward to hearing from you at your earliest convenience.

Yours sincerely,

Gavin O'Reilly  
President  
World Association of Newspapers

A handwritten signature in black ink, appearing to read 'Gavin O'Reilly', with a long horizontal line extending to the left and a large loop at the top.

Xavier Vidal-Folch  
President  
World Editors Forum

A handwritten signature in black ink, appearing to read 'Xavier Vidal-Folch', with a long horizontal line extending to the left and a vertical line extending downwards from the start.

WAN is the global organization for the newspaper industry, with formal representative status at the United Nations, UNESCO and the Council of Europe. The organization groups 18,000 newspapers in 102 countries, 12 news agencies and 11 regional and world-wide press groups. WAN is non-governmental and non-profit.