

Sky-Fox deal faces further hurdles

 [bbc.com/news/business-41239576](https://www.bbc.com/news/business-41239576)

21st Century Fox's bid to buy Sky faces further hurdles after the culture secretary said she was "minded" to refer the deal to regulators over concerns about broadcasting standards.

Karen Bradley had already said she was minded to refer the £11.7bn tie-up over concerns about media plurality.

Fox owns 39% of Sky but wants full control of the satellite broadcaster.

However, some fear it would give Rupert Murdoch's family, which controls Fox, too much sway over the UK media.

Sky said in a statement: "We are disappointed by this further delay. Nevertheless we will continue to engage with the process as the Secretary of State reaches her final decision."

21st Century Fox said it was "surprised" that Ms Bradley was unable to form an opinion after receiving independent advice and having more than four months to consider the case.

"We urge the Secretary of State to take a final decision quickly," the firm added.

'Not purely fanciful'

The decision on whether to refer the deal to the Competition and Markets Authority (CMA) has been delayed several times, as Ms Bradley listened to further arguments about the case.

However, in a statement to the Commons on Tuesday she said that none of the representations she received had allayed her concerns.

"I have the power to make a reference if I believe there is a risk - which is not purely fanciful - that the merger might operate against the specified public interests," Ms Bradley said.

Ms Bradley has already indicated she would refer the proposed tie-up to the CMA on grounds it could threaten media plurality.

This is because the Murdoch family owns controlling stakes in both News Corporation, which owns UK newspapers such as the Sun and the Times, as well as Fox, which operates in film and TV.

However, on Tuesday the Culture Secretary said she was also "minded" to refer the deal over concerns about broadcasting compliance procedures and corporate governance failures at Fox in the past.

Sky shares fell 4% on the news before recovering slightly to close down 1.6%. Fox shares were little changed.

Fox said it still expects the deal to close by the end of June 2018, barring any "further delays" to the process.

Shadow Culture Secretary Tom Watson welcomed Ms Bradley's statement and praised her as a "good 'un".

He said: "I welcome the Secretary of State's decision, or I should say, the fact that she says she is 'minded to' make that decision, to refer the bid on broadcasting standards grounds as well as on media plurality grounds.

"I think it's the first time a minister in the current government has ever stood in the way of what the Murdochs want, and frankly not before time."

'Investigate properly'

Douglas Wigdor, a US employment lawyer who has brought sexual harassment claims against Fox, told the BBC that Ms Bradley's decision was "a step in the right direction".

However, Paul Connew, a former deputy editor of the News of the World, said: "Does it [Fox's problems in the US] have to translate to the UK situation?"

The UK's media regulations would not allow Sky News to be run in the same way as Fox's US business, he told Newsnight.

Avaaz, a US group that has been campaigning against the proposed merger, welcomed Ms Bradley's comments.

"It's a great day for democracy, and a bad day for Rupert Murdoch," said senior campaigner Alaphia Zoyab.

"The public don't want this takeover, and tens of thousands have called on the government to investigate properly."

Ms Bradley has given Fox and Sky 10 days to respond.

Correction: An earlier version of this story wrongly stated that Ms Bradley had already referred the merger to the CMA.