



**Condor Ferries Limited**

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RAP/1437/fg

Mr John Doyle  
Inquiry Coordinator  
Victoria House  
Southampton Row  
London  
WC1B 4AD

Dear Mr Doyle

Our Company operates fast-ferry and conventional ferry services within what is commonly described as the Western Channel. Our core routes provide passengers, car and freight services between the Channel Islands (Jersey and Guernsey) and the UK ports Portsmouth, Poole and Weymouth and the French port of St Malo. We operate fast ferry services between Weymouth and St Malo on a year round basis, and seasonally between Poole and St Malo.

During Summer months, Condor Ferries also operates a daily fast-ferry service between Poole and Cherbourg on behalf of Brittany Ferries under a time-charter agreement. This agreement has been in place since 2001.

Your commission invites comment from our Company on several issues which may be relevant to the proposed acquisition of assets by Brittany Ferries from P&O Ferries to supply ferry services between Portsmouth and Le Havre:

**a) The relevant market**

It is our understanding that there are 2 principal markets on the Portsmouth / Le Havre route – freight trailers/trucks and passenger cars/occupants. Our company does not effectively participate in the freight market between the UK and France and thus is not in a position to comment further on this market. Our presumption would be that the passenger cars/occupants market is in the region 80%-90% sourced in the UK.

**b) Competition within the product and geographic markets identified**

As stated Condor Ferries cannot reasonably comment on the freight markets between the UK and France. On the passenger/car market for UK-France routes, it is clear that the very large majority of traffic is sourced in the UK. It is also clear that there is a relationship between all Cross-Channel routes (ferry and tunnel) since:

- 1) They all provide connection between the UK and NW Continent
- 2) They all compete against air transport options – in particular the growing low-cost air options
- 3) They all use the same channels of distribution in the UK market wherein is sourced some 80%-90% of traffic. These channels include tour operators, travel agents, above the line media advertising and internet sites.

Each cross-channel operator competes using differentiating factors in its promotion:

- Type of service – fast-ferry, conventional, tunnel/train
- UK port – access/convenience
- French port – access/convenience
- Frequency of service, arrival time suitability
- Facilities offered on-board
- Price
- Brand

Whilst each operator attempts to emphasis the uniqueness of each of its services, the commonality of channels of distribution in the UK brings with it a free market price relationship which stretches from Plymouth – Roscoff to Dover – Calais. Thus it is our broad view that any operator of services between Portsmouth and Le Havre would have to compete against all other Cross-Channel services. The expansion of low-cost air options will additionally prove likely to have downward pressure on volume and price of all ferry/tunnel operators.

**c) Barriers to entry to such markets**

We are unaware of any barriers to entry to the markets or to access of port facilities at any UK or French port. P&O's relatively large scale operation in Portsmouth, combined with that of Brittany Ferries, may however have represented a strong disincentive to other operators to base services in Portsmouth up to this time.

**d) The effect of the proposed acquisition on customers and suppliers**

Again with focus on passengers/cars, any effect on customers and suppliers will be a function of capacity offered combined with prices offered. We would concur with the view that in 2004 there was an excess of capacity offered in services from/to Portsmouth. Both P&O and Brittany increased capacity over previous years and yet overall volume did not increase.

**e) The effect on the level of prices and variety and quality of services**

The level of prices will be a function of prices on other routes and capacity offered ex Portsmouth. From our knowledge of the subject operators' services, we would not anticipate any reduction in quality of service to consumers.

We are unaware of the terms of the proposed acquisition, and indeed of the alternatives to the proposal considered by P&O Ferries. We understand that P&O's Portsmouth-based services have not been financially successful for some years; however we do not know the reasons for such performance.

There are, to our knowledge, no barriers to entry to any other operator in establishing a freight and/or passenger car service on the Portsmouth – Le Havre route with either fast-ferries or conventional ferries. We would trust that regardless of the outcome of your Inquiry, this will remain the position in future.

We trust our comments are of some relevance to your Inquiry. If we can be of further assistance, please do not hesitate to make contact.

Yours sincerely

Robert Provan  
Group Chief Executive