



**National Union of Rail,  
Maritime & Transport Workers**

General Secretary: Bob Crow  
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SS/16

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John Doyle,  
Inquiry Co-ordinator,  
Competition Commission,  
Victoria House,  
Southampton Row,  
LONDON,  
WC1B 4AD.

Dear Mr Doyle,

BRITTANY FERRIES/P&O FERRIES MERGER INQUIRY

I refer to your letter of 15<sup>th</sup> December 2004 regarding the above Inquiry.

By way of introduction I can advise you that the National Union of Rail, Maritime and Transport Workers are the sole seafaring union representing ratings in the UK ferry industry.

The union represents approximately 6,000 seafaring ratings and the largest sector of employment is within the various UK ferry routes. RMT have now been campaigning for many years for effective support measures for the UK shipping industry. In particular maritime unions have become increasingly concerned over the reduction in employment opportunities for UK seafarers and their replacement by low cost foreign nationals.

The withdrawal by P&O Ferries from many of the Western ferry routes has not come as a surprise given the losses that have recently been made on some these particular routes. Indeed it has come as a relief to RMT that Brittany Ferries wish to take ownership of the services.

RMT do not believe there are competition concerns because if the company are not allowed to proceed then no other operator is likely to be forthcoming. Indeed

it can be argued that a more effective service, and a choice of viable transport options, is more likely with a strong ferry presence on the Western Channel.

The principal reason for this is of course the establishment in recent years of new ways of travelling from the UK to mainland Europe. This is particularly relevant with competition from low cost airlines from Flybe. This operator runs low cost flights from Southampton to a total of seven French airports.

The issues you seek to address include the relevant market and competition within the market. Transport alternatives which can be utilised are therefore relevant and clearly they have to be considered. The alternatives can be used by customers, and therefore airlines and ferry operators with competition close by know that they cannot simply put prices up and expect to retain the same level of custom. The routes from Southampton Airport compete directly with existing P&O Ferries services.

There are also many ferry services in operation from the South Coast to France, including ferry services from Plymouth, Dover and Newhaven, and a further new low-cost service by Speed Ferries.

In particular there are plentiful services from Dover, indeed many freight operators prefer Dover already and there is of course the Channel Tunnel for these customers with plenty of spare capacity. This is a key factor for freight customers, but also closer to Portsmouth Channel Freight Ferries operate a ro-ro freight service from Southampton to Rouen which is increasing services on this route. The services referred to above have of course impacted on P&O Ferry's business in the Western Channel.

Regrettably the ferry industry is likely to have fewer services and companies operating in the cross channel trades in the future. In recent years the ferry sector has been hit by the opening of the Channel Tunnel and shortly afterwards the abolition of duty free sales. At least if the asset transfer goes ahead there will be a stronger ferry service available on the Western Channel which will include Portsmouth to Le-Havre, in addition to Portsmouth to Bilbao. It appears there will no longer be services from Portsmouth to Caen or Cherbourg.

In addition I must also advise you that should the acquisition not be allowed to go ahead then there will be a profound impact on the many people employed on the services in question. P&O Ferries have made it quite clear in negotiations that should the asset transfer not go ahead they will be withdrawing from the route.

Employment is a factor that cannot be discounted even if it is not one of the principal areas for your inquiry. The Department of Transport have set

themselves an objective to increase the number of UK seafarers. Clearly dismissal for 270 UK seafarers will not be conducive towards the achievement of that objective. I would strongly urge you to allow the acquisition by Brittany Ferries of P&O assets to go ahead.

Finally I can advise you that I am content for my views to be published on your website and look forward to hearing as soon as possible the outcome of your review.

Yours Sincerely

Bob Crow  
General Secretary.