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Mr J Doyle
Inquiry Coordinator
Brittany Ferries/P and O merger
Competition Commission
Victoria House
Southampton Row
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Dear Mr Doyle

I should like to contribute comments to the Inquiry into the proposed merger of certain of Brittany Ferries' and P and O's activities.

1. My personal interest

1.1 I am a UK national working in Belgium. We have a house in the UK near Reading, and a house in France near Cherbourg. My family is therefore very dependent upon P and O's services Dover-Calais and Portsmouth-Cherbourg. In consequence, any reduction in those services adversely affects us.

1.2 My wife and I have been stockholders in Pand O for many years. We did not buy the shares for the company's annual share payments but to have access to the company's concessionary fare arrangements. Looking across the board at the reductions in cross-Channel services announced by P and O in October 2004, I estimate that the usefulness of stockholder shares in terms of access to the company's services has diminished by about 40%. The company has shown very little sense of loyalty towards its modest stockholders.

2. General comments

2.1 Over the years, P and O have acquired a dominant market position in cross-Channel ferry services. On the Portsmouth-Cherbourg route it has a quasi-monopoly. It has acquired its dominance either by mergers, such as that with the Stena line in 1998, or by the disappearance of Townsend Thoresen and Sealink. Consumer choice of cross-Channel operators has become much more restricted, to P and O's benefit.

2.2 The cross-Channel services as a whole have been "squeezed" even further by the reduction in the number of ports available to non-commercial traffic. Ostend and Zeebrugge are no longer available. Further restrictions on consumer choice, therefore. I do not claim that P and O are directly responsible for this, but the loss of the Belgian ports has made travellers even more dependent upon the routes where P and O operate, thereby intensifying their market dominance.

2.3 In a situation where a company holding the dominant market position suddenly pulls out from a large proportion of its cross-Channel services, the market as a whole is thrown into turmoil, with other companies unexpectedly being handed a monopoly. This wider knock-on effect of P and O's actions require scrutiny, a point dealt with more fully below.

3. The Merger Inquiry

3.1 I welcome outside intervention on what the two companies propose. If a merger can help to retain at least part of the cross-Channel services, that is all to the good.

3.2 However, it seems clear to me that the merger will inevitably "result in a substantial lessening of competition" in the Western Channel ferry services. The Inquiry cannot consider the issue solely on the basis of the Portsmouth-Le Havre route. P and O also propose removing the services of Portsmouth-Caen and Portsmouth-Cherbourg. A substantial proportion of commercial and tourist traffic will be forced from these routes onto the Portsmouth-Le Havre crossing. Brittany Ferries' monopoly will become considerable.

3.3 In this sense, the terms of the Inquiry are too narrow. It is not sufficient to take one route in isolation. The Western Channel crossings should be looked at as an entity. I am particularly interested in the Portsmouth-Cherbourg route, which P and O runs. If the company drops out, as proposed, it leaves Brittany Ferries with a monopoly from the British south coast, ie with its Poole-Cherbourg service. I consider that to be an undesirable situation.

4. Other points of which account might be taken

4.1 There is a spread of recipient ports in this part of France, each one with its own supporting road infrastructure. If EU transport policies are to be given real meaning, there should be a matching spread of cross-Channel services to all of those ports so that there is a wide distribution of road traffic leaving the ports. Concentrating boat traffic on Le Havre will congest "escaping" vehicular traffic either towards Rouen or Caen. In fact, travellers wishing to go to the west of France via Caen or Cherbourg will be forced to the east to start their journey

4.2 Cherbourg is a large deep water port (which Le Havre is not), with good facilities and easy access to a four lane highway to the south. It is a nonsense for such a port to be under-used. When I see the volume of traffic leaving the boats in Cherbourg, I cannot believe that it is uneconomic for P and O to retain at least a daily service with one boat, thereby maintaining customer choice on this route from Portsmouth.

4.3 P and O have put forward various reasons for their dramatic cut in services. Among them is the claimed loss of traffic to the Channel Tunnel. I argue that there must be many persons who would prefer not to have to trail eastwards across southern England (via the M25!), but would prefer an adequate choice of central English coast boat crossings. Another P and O argument is loss of traffic to low cost air lines, but planes do not carry cars, caravans, trailers, camping gear and commercial trucks. Boats do.

4.4 P and O also argue loss of profitability as a reason for removing services. In Cherbourg at Christmas I picked up the attached statement from the French trade union CGT, which claims that the reason is not financial loss but insufficient profit, 10% instead of 15%. These are two different issues. I have asked P and O if they have responded to the CGT's statement. If the financial aspects are as dismal as P and O make out, it is not obvious why Brittany Ferries should be interested in the Le Havre route.

I hope that the above comments may be of use. Please feel free to put them on your website if you so wish.

Yours sincerely

S T Allman

DECLARATION DU SYNDICAT CGT P&O
Lors du point de presse du 2 décembre 2004

Depuis 3 ans, le groupe P&O mène une politique générale de concentration de son activité sur ses branches le plus « juteuses » financièrement afin d'assouvir l'appétit toujours croissant de ses actionnaires.

La P&O s'est fixée pour but d'obtenir un retour sur investissement de 15 % ! La branche Ferries n'obtient que des résultats aux environs de 10 %, c'est pourquoi, la direction mène, depuis maintenant 2 ans, une politique de sabotage délibérée de ses lignes transmanche afin de s'en débarrasser.

Elle a, entre autres :

- modifié les horaires des bateaux, pour de nouveaux créneaux totalement inadaptés aussi bien pour les passagers touristes que fret,
- fermé le centre d'appel et de réservation de Cherbourg. Nous avons pu constater à de nombreuses reprises que les opérateurs du centre d'appel de Douvres découragent fortement les clients désireux d'emprunter les routes de Cherbourg et du Havre,
- licencié les commerciaux frets du Havre et de Cherbourg pourtant générateurs de nouveaux trafics,
- mené une politique tarifaire farfelue et incompréhensible tant pour les passagers que pour les salariés,
- précédemment organisé 4 plans de licenciements avant celui qui nous touche aujourd'hui, le coût de chacun servant à justifier le suivant.

C'est pourquoi, nous contestons avec force les arguments avancés par la direction sur la crise de l'activité ferries qui ne servent qu'à déguiser un licenciement boursier en licenciement économique.

Preuve en est, à l'heure où l'on jette à la rue 54 employés cherbourgeois, dont une majorité de femmes et de jeunes parents, Lord Sterling, PDG du groupe P&O, empoche la modique somme de 500 000 £ (environ 5 000 000 de francs) en revendant ses actions P & O Ferries, profitant de la hausse de plus de 3 % de celles-ci due à l'annonce de ce plan de déstructuration qu'il a lui-même décidé. Jusqu'où pousseront-ils le cynisme ?

Aujourd'hui, la procédure de licenciement entamée le 28 octobre 2004 n'avance toujours pas, principalement à cause d'une mauvaise volonté manifeste de la direction. Notons qu'elle a, pour mener cette procédure, embauché le 30 septembre, un « nettoyeur » professionnel, qui n'a malheureusement pas la moindre idée sur ce que peut être notre activité. De plus, elle multiplie les déclarations afin d'embrouiller et d'obscurcir encore plus la situation, et ainsi, de nuire aux salariés et à leurs représentants.

Ce qui arrive à P & O n'est qu'un début. Quel avenir le Port de Cherbourg peut-il avoir quand l'Etat ne respecte pas ses engagements d'investissements pour un port pourtant d'intérêt national ?

Rappelons qu'un emploi supprimé sur le port, représente 4 emplois perdus sur Cherbourg et sa région.

Cherbourg, le 2 décembre 2004