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Competition Commission
Victoria House
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6th January 2005

Attention Mr J Doyle

Dear Sirs

Brittany Ferries and P & O ferries Merger Inquiry

Select Sites has been working with Brittany Ferries since 1986 and I have been working as a tour operator since 1974 specifically involved with ferry travel.

The market has greatly changed over the past few years. The opening of the channel tunnel and the burgeoning low cost airlines have kept ferry prices on the channel lower than they would have otherwise been. The ability for members of the public to research and book alternative holiday options via the internet has also had a significant impact. Despite the loss of duty free sales on the cross channel ferries the prices have not risen as much as they might due to the competitive influences indicated above.

Although Brittany Ferries would be the only operator on the routes from Portsmouth they have been in a position where they are the only operator on the Plymouth to Roscoff, Portsmouth to St Malo and Poole Cherbourg routes for a number of years. They have had to balance rates on these routes to remain competitive with other routes from Portsmouth, Newhaven and Dover. I do not believe that a situation where Brittany Ferries is the only operator on the Western Channel routes would be detrimental to the general public. There are several factors which lead me to this conclusion. Firstly Brittany Ferries have significantly increased capacity over the last three years and secondly capacity on the routes from Dover has also increased.

Barriers to entry are a concern but the French ports of Le Havre and Cherbourg are keen to encourage new business and would I am sure assist any new entrants. Over the past three years on the short sea routes we have seen some ferry operators increase capacity whilst others have reduced capacity and there have been new entrants. The amalgamation of P & O Ferries and Stena Line on the Dover – Calais service was the catalyst which gradually led to these changes despite fears that the reduced overheads resulting from this amalgamation would create a barrier to entry for others or allow prices to rise too high. Over the past three years prices on the longer routes from Portsmouth have been held low due to competitive rates on the Dover routes as well as other market forces indicated above. The increased competition on these short sea routes has meant prices have not increased and are unlikely to do so due to the shift in holiday patterns.

It is also worth noting that Condor Ferries operate from Poole to St Malo and have a limited ferry service from Portsmouth to Cherbourg. We have no indication if they intend to increase the frequency of the Portsmouth – Cherbourg service but the infrastructure for this is already in place.

The effect of the merger would lead to an increase in prices on the Le Havre route to bring them into line with Portsmouth to Caen and Cherbourg. However, as the P & O accounts demonstrate the route has not been operating at a sustainable level and the current prices are considered to be artificially low.

The level of service offered by Brittany Ferries is widely acknowledged to be high and better than that offered by P & O Ferries so we are confident that the public would perceive the amalgamation as an improvement. Brittany Ferries challenge is to realise the required improvement and make the route profitable.

In conclusion we would welcome the acquisition of the Portsmouth to Le Havre route by Brittany Ferries. As I understand the situation they are only proposing to take over the chartering of the two vessels operated by P & O Ferries to the conclusion of the current chartering arrangement.

Yours sincerely

Andrew R Erskine