



Patron: HRH The Prince Philip, Duke of Edinburgh KG KT  
Chairman: R G W Black MBE  
Director General: T A Watson

East Grinstead House  
East Grinstead West Sussex RH19 1UA  
Telephone: (01342) 326944 Fax: (01342) 327989  
www.caravanclub.co.uk

For Travel Service Reservations, Amendments  
and Invoice Queries Telephone: (01342) 316101

10 January 2005

### **Competition Commission Merger – Brittany Ferries and P&O Ferries**

- 1) We act in both tour operator and travel agent capacities for both parties, P&O Ferries and Brittany Ferries. In terms of current business volumes, P&O Ferries are our largest supplier by volume whilst Brittany Ferries generate fewer bookings but greater revenue per booking due to their longer and more expensive routes
- 2) In terms of geography, the Western Channel routes are particularly attractive to our market in view of the high proportion of our members travelling overseas who use the numerous sites located on the west coast of France between Brittany and the Bordeaux region.
- 3) Brittany Ferries have already stated that the fares on the Le Havre route will increase to the same level as those on their Poole – Cherbourg and Portsmouth – Caen routes, which themselves were not released until after P&O's decision was announced and showed significant reductions in value for our members. Any of our members travelling to the west / south west coast of France would incur additional mileage of between 60 and 150 miles depending on their eventual destination if they chose to use the alternative cheaper short sea routes. Given that most car / caravans only achieve some 17mpg and inevitably travel slower and fewer miles per day, then the total additional costs could be significant. Allowing for a probable additional night's stop in each direction, tolls, fuel etc, then the total extra costs could easily amount to £100 per return trip with additional time taken, and so are not seen as a really viable alternative.
- 4) Eurotunnel falls into the same market sector as the short sea ferries for our business and so the same assumptions would apply. Low cost airlines are not appropriate to our market sector.
- 5) We would have very considerable concerns if this proposal were to proceed. Brittany Ferries have already indicated to us that if they gain control of the Le Havre route and ships, then they will only operate a single ship service on that route and transfer the remaining vessel to another route – probably Portsmouth – Cherbourg. If they do reduce the Le Havre service, it will allow them to rationalise their tonnage whilst still retaining a sole presence in every port in Normandy and Brittany from Le Havre to Roscoff and so deter any competition. Their future pricing policy will then only be constrained by activity on the Dover to Calais sector which for many caravanners will not be a viable option. Brittany Ferries are also proposing fast craft services to both Cherbourg and Caen. This again blocks any competition not only through discouragement, but also by effectively blocking many available berths at these ports.

- 6) In terms of the investment required and legislation affecting this industry sector, barriers to new entrants are quite significant although not impossible to overcome. The current proposals, however, appear to significantly favour one existing operator with no opportunity being given to other existing companies or indeed any potential new entrants who may be able to meet the relevant criteria and, therefore, provide what we consider to be essential competition in the market.

Our view is that if P&O were simply to discontinue the Le Havre route without anyone immediately taking it over, then it is unlikely that Brittany Ferries would in fact be interested in starting such a new service, their primary interest being in gaining a monopoly position on routes serving the region which in turn would adversely affect prices

Overall, our contention is that there would be a negative impact on our members in terms of pricing, which until now, has been controlled by the presence of competition. In our view the take over of the Le Havre route by Brittany Ferries would create a monopolistic situation over a wide area of popular destination ports and limit opportunities for fair competition.

Yours sincerely

Ken Faulkner  
Head of Travel Services