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### **CC TO BLOCK STENA ACQUISITION OF P&O IRISH SEA FERRY ROUTE**

The Competition Commission (CC) has today announced that it has decided to block the transfer of P&O's Liverpool–Dublin ferry route to Stena. The CC confirmed its provisional finding that the transfer of this route was expected to result in a substantial lessening of competition. This would give Stena scope to increase prices to some customers of ferry services on the Irish Sea. It also confirmed that the transfer of P&O's Fleetwood–Larne ferry route to Stena was not expected to result in a substantial lessening of competition.

Publishing the first merger report under the Enterprise Act, the Chairman of the inquiry Group, Professor Paul Geroski, said:

"Following the publication of our provisional findings report and our remedies notice, we carefully considered the responses received from all parties. We looked closely at possible ways of remedying the expected substantial lessening of competition on the central corridor of the Irish Sea, but concluded that the only effective measure was to block the transfer of P&O's Liverpool-Dublin route to Stena."

The Group's inquiry was extensive. The Group held a number of hearings with both Stena and P&O as well as 17 hearings with other interested parties from Great Britain and Ireland. Evidence was received from other ferry companies, freight and travel customers, ports, trade associations, trade unions, consumer bodies, government departments, MPs, the Scottish Executive and the Welsh Assembly. Some hearings were held in Belfast and Dublin, where the inquiry Group also toured the ports and observed Stena's and P&O's operations. The Group also commissioned two independent customer surveys.

The CC found that, post merger, Stena's market share on the central corridor would more than double, giving Stena a market share significantly larger than its nearest rival. The four main competitors on this corridor would be reduced to three. The lack of transparency of pricing in the freight ferry market, coupled with Stena's enhanced market power, would give Stena scope to increase prices to some customers. The CC explored possible remedies, including a package of behavioural remedies proposed by Stena. Following consultation, the CC decided that the only effective remedy to the substantial lessening of competition identified was to block Stena's acquisition of P&O's Liverpool–Dublin route.

The CC found that the transfer of P&O's Fleetwood–Larne route would result in Stena replacing P&O as the largest ferry operator on the northern corridor. P&O would, however, remain as a competitor, with a larger market share than Stena has now. The CC concluded that the transfer of this route would not be expected to result in a substantial lessening of competition.

The CC's reasoning is set out in the report published on its web site today.

#### **Notes for Editors**

1. The Enterprise Act 2002 empowers the Office of Fair Trading (OFT) to refer to the CC completed or proposed mergers for investigation and report which create or

enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.

2. On 22 August 2003, the OFT asked the CC to consider the proposed acquisition by Stena of five vessels and related assets currently operated by P&O on the Liverpool–Dublin and Fleetwood–Larne routes on the Irish Sea. This proposed acquisition would affect two markets for freight ferry services on the Irish Sea: the central corridor (in relation to Liverpool–Dublin) and the northern corridor (in relation to Fleetwood–Larne).
3. This inquiry was undertaken by a group of five CC members and led by Professor Paul Geroski, a Deputy Chair of the CC. The other members were John Baillie, Barbara Mills, Jeremy Seddon and Peter Stoddart.
4. This was the first reference under the Enterprise Act 2002 that proceeded to the report stage. After publication of the report, the CC will take remedial action, either through accepting undertakings or by making an order. Before taking such action, the CC will normally publish a notice of the proposed undertakings or order and allow a period of not less than 15 days for representations to be made.
5. The report is available on:  
[www.competition-commission.org.uk/rep\\_pub/reports/2004/index.htm](http://www.competition-commission.org.uk/rep_pub/reports/2004/index.htm)
6. Copies of the report will also be available electronically, within 24 hours of publication, on The Stationery Office (TSO) web site: [www.official-documents.co.uk/reps/comp/comp.htm](http://www.official-documents.co.uk/reps/comp/comp.htm) and in hard copy, ISBN 0117065005, priced £35, within seven days. Enquiries should be directed to Francis Royle, Chief Press Officer, tel 020 7271 0242.