

Stena undertakings published

The Competition Commission (CC) has published the undertakings it has accepted from Stena, which prevent the ferry company from acquiring control of P&O's Liverpool–Dublin ferry route. This marks the completion of the first full CC inquiry under the Enterprise Act 2002.

Following the CC's inquiry into Stena's proposed acquisition of certain of P&O's Irish Sea operations, the CC blocked the transfer of the Liverpool–Dublin route to Stena in February this year, concluding that such a transaction would lead to a substantial lessening of competition in the central Irish Sea corridor, which would give Stena the scope to increase prices to some ferry service customers. The undertakings given by Stena are designed to prevent the substantial lessening of competition from occurring.

The CC did, however, clear the acquisition of the Fleetwood–Larne route and Stena and P&O have announced their intention to go ahead with this part of the deal.

Professor Paul Geroski, Chairman of the CC and Chairman of the Stena/P&O Inquiry Group, said:

As the first inquiry completed under the new Enterprise Act regime this has been a real landmark for us, particularly in setting the benchmark for how we conduct our merger inquiries.

As well as giving the CC the power to make the final decision in merger cases, the Act also gives us the responsibility to determine suitable remedial action where appropriate. The publication of these undertakings is the first completed demonstration of this new responsibility.

The full notice of acceptance of undertakings given to the CC by Stena AB and Stena Line is available on the CC's web site: <http://www.competition-commission.org.uk/index.htm>.

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 of 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. In its report published on 5 February 2004, the CC blocked 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.

4. This inquiry was undertaken by a group of five CC members and led by Professor Paul Geroski, at the time a Deputy Chair of the CC. The other members were John Baillie, Barbara Mills, Jeremy Seddon and Peter Stoddart.
5. The report is available at:

www.competition-commission.org.uk/rep_pub/reports/2004/index.htm.

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