



News Release

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CC CANCELS FIRSTGROUP/ICEC INQUIRY

The Competition Commission (CC) has today cancelled the FirstGroup–Inter City East Coast (ICEC) franchise inquiry.

This follows the Strategic Rail Authority's (SRA) announcement on March 22 that GNER has won the new franchise to operate ICEC mainline services, and assurances from FirstGroup plc and the SRA that FirstGroup's proposal to acquire the franchise has accordingly been abandoned.

The reference to the CC was made on 21 December 2004, at a time when FirstGroup's was one of four bids under consideration by the SRA. The CC was asked to consider whether the potential acquisition of the ICEC franchise by FirstGroup would result in a substantial lessening of competition on rail and bus services in areas served by the ICEC franchise.

The reference was made in the knowledge that it was likely that a preferred bidder would be named and the franchise awarded before the CC had completed its work. As the franchise has now been awarded, it has been necessary for the cancellation to be carried out part-way through the normal period for a merger reference.

Although the inquiry group had made significant progress in its investigation in the three months since the reference was made, it had reached no findings. The CC will now be considering whether it is desirable to publish a summary of the Group's approach to the issues raised by this inquiry.

The CC will also participate in discussions with the Department for Transport, the Office of Fair Trading (OFT) and others as necessary to identify whether improvements can be made to the timing of competition scrutiny of rail franchise bids.

Notes for editors

1. The reference was made by the OFT. It has been cancelled in accordance with the provisions of section 37(1) of the Enterprise Act 2002.
2. The CC is under a duty under section 37(1) to cancel a reference if it is satisfied that the parties have abandoned arrangements for an acquisition of the kind mentioned in the reference.

3. The Enterprise Act 2002 empowers the 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.
4. Enquiries should be directed to Francis Royle, Press Officer, tel 020 7271 0242, or Rory Taylor, Press Office, tel 020 7271 0398, email: rory.taylor@competition-commission.gsi.gov.uk.