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Eurotunnel seeks watchdog ferry compromise

By Rose Jacobs



Eurotunnel is hoping a compromise will be reached between French and UK regulators over its move into the cross-Channel ferry market.

The French competition watchdog last year cleared Eurotunnel's purchase of three ferries from the bankrupt SeaFrance, adding only that the Channel tunnel operator could not offer rail-and-ferry

package deals on freight for five years, since such deals would dent competition.

But the UK's Competition Commission appears to be moving towards a tougher stance. In provisional findings published last month, it found the Eurotunnel business, called MyFerryLink, created "a substantial lessening of competition" in the market. Its proposed remedy was a wholesale divestiture of the business.

Jacques Gounon, the Paris-listed company's chairman and chief executive, said on Thursday that a "compromise was possible" between the two regulators even if the commission's final conclusion – due in April – was in line with the provisional findings.

"We are waiting for reasonable constraints," he said, adding that Eurotunnel would appeal against a forced sale if a compromise was not reached.

Competition lawyers cautioned that there were no precedents for two national competition regulators working towards compromise remedies. When the UK approved a merger of two salmon farming companies in 2006 but French authorities required divestitures, the companies complied with the French demands.

One UK lawyer pointed out that the commission might yet come to a different final conclusion than that put forward in its provisional findings. But if it did not, she added, "I can't see scope for a compromise because they have already rejected the behavioural remedies put forward by the French".

The Competition Commission said on Thursday: "We are continuing our discussions with Eurotunnel and other parties. We will come to our final decision independently in due course."

Mr Gounon's remarks came as Eurotunnel announced full-year results for 2012. Net profits rose almost 80 per cent at constant currencies, to €34m, on revenues that were 16 per cent higher, at €1.02bn. It has proposed lifting the dividend from €0.08 in 2011 to €0.12.

Mr Gounon estimated sales from MyFerryLink should hit €50m for 2013. In four months of operating last year, it earned €7m in revenues, the bulk of which came from transporting cars, camper vans, caravans and motorbikes. But €20m in operating costs meant the division was lossmaking.

Eurotunnel said the strong passenger growth in 2012, hitting record levels, was unlikely to be repeated this year because of an absence of events like the Queen's Jubilee and the London Olympics.

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