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## Eurotunnel barred from offering Dover ferry services

By Adam Jones and Mark Odell in London and Hugh Carnegie in Paris



The French government has hit out at a ruling by the UK competition watchdog to bar Eurotunnel, the company that operates the Channel tunnel, from running ferry services to and from Dover.

Frédéric Cuvillier, the French transport minister, criticised the decision and said it gave “exaggerated importance to the hypothesis” that Eurotunnel’s

acquisition of the three ships from SeaFrance, a failed ferry operator, reduced competition.

“On the contrary it is a guarantee of effective competition,” he said in a statement, citing a judgment by the French competition authorities that cleared the deal, with conditions, last year.

He said the government would approach the UK authorities to try “to arbitrate between the decisions of the two competition authorities”.

He added that the government would do “everything in its power” to save the jobs of 533 staff still employed by MyFerryLink, the co-operative that operates the three ships.

The decision by the Competition Commission was attacked as “incomprehensible and seriously disproportionate” by Eurotunnel.

The Paris-based group branched out into running ferry services between the French port of Calais and Dover under the MyFerryLink brand last year.

By April of this year, the acquisition had increased the market share of Eurotunnel to 48 per cent of freight volumes and 57 per cent of passenger traffic on important routes across the narrow part of the English Channel.

The Competition Commission in February said it was minded to force the company to reverse the deal.

However, the regulator said to force the company to sell the ferries would clash with a court order made in France at the time of the purchase, prohibiting their onward sale until 2017.

The commission had indicated that it was considering changing tack in April. Alasdair Smith, its deputy chairman, said: “We did consider ordering Eurotunnel to sell the ferries but we were conscious of the uncertainties and possible delays affecting a sale. We can achieve the same outcome this way [by blocking access to Dover].”

Eurotunnel said it would appeal against the decision and that prohibiting access to a port was “in total contradiction with the freedom of movement incarnate in Europe”.

The commission said Eurotunnel had only bought the SeaFrance ferries to block a joint venture between Denmark’s DFDS and France’s Louis Dreyfus Armateurs from acquiring them.

This joint venture already runs services between Dover and Calais and the commission feared that it would withdraw from the route if no action was taken.

Eurotunnel’s deal to buy the SeaFrance ships helped solve what had become a highly sensitive political issue for former President Nicolas Sarkozy in the run-up to last year’s presidential election.

Although Mr Sarkozy lost the election, Eurotunnel’s action quelled an angry trade union-led campaign against the collapse of SeaFrance, which threatened the loss of more than 1,000 jobs and the end of a French-owned ferry presence in Calais.

P&O Ferries, the biggest ferry operator between Dover and Calais, welcomed the Competition Commission’s move, saying that the long-term interests of customers were best served by companies that “compete effectively on a level playing field”.

Eurotunnel’s French-listed shares fell 1 per cent to €6.03.

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