

September 27, 2013 8:11 pm

Eurotunnel chief warns over cross-Channel ferry job losses

By Mark Odell, Transport correspondent

The boss of Eurotunnel has warned that the 600 staff who operate the company's three cross-Channel ferries will lose their jobs if the company does not win an appeal against a decision by the UK competition watchdog to bar the ships from serving Dover.

The owner of the subsea rail link is awaiting the outcome of a hearing after it asked a tribunal to review a ruling by the Competition Commission in June that would force it to pull its MyFerryLink operation off the Dover-Calais route.

Jacques Gounon, chief executive of Eurotunnel, said that a separate ruling by a French court prevented the company from selling the ferries, so it would be forced to mothball them as it did not make sense to put them on to another route.

As a result, he said Eurotunnel would have to terminate its contract with the workers' co-operative that provides the staff to run the service. "They will lose their contract, so yes, they lose their jobs; that is quite clear," he said. The co-operative has 600 members: 450 based in France and 150 in the UK.

The Paris-based group branched out into running ferry services between the French port of Calais and Dover under the MyFerryLink brand last year after buying three ships from SeaFrance, a failed ferry operator. The UK watchdog ruled it reduced competition. Last year the French competition authorities cleared the deal with some conditions.

Eurotunnel spent €75m buying and refurbishing the three ferries and as part of the deal was ordered by a French court that it could not sell them until 2017.

Mr Gounon said he was more optimistic about Eurotunnel's other regulatory issue – a recent demand by the European Commission that the UK and France intervene to force the operator of the Channel tunnel to cut fees it charges train operators to use the link.

Brussels has warned it would take legal action against both member states if they do not act within two months to lower access charges. The deadline for a response is next week and Mr Gounon said he expected London and Paris to reject the European Commission's findings.

"We are pleased that we are supported by the member states against the ruling by the European Commission," Mr Gounon said. He said any changes to the regime would put the company in technical default of its loan agreements with the banks that holds its €3.7bn of debt.

He added that under the intergovernmental treaty signed by France and the UK to build the tunnel the two states would be liable for any shortfall in revenues at Eurotunnel as a result of a regulatory change.

Mr Gounon said any move by Brussels to intervene would send the wrong signal to investors at a time that the UK is looking to attract private investment in infrastructure. "Investors do not like uncertainty," he said.

The Department for Transport said: "We will respond to the EC shortly. The government's position remains that the UK is not in breach of its obligations under the relevant EU directives as regards the Channel tunnel. It would not be appropriate to discuss the detail of confidential communications between the government and the commission."

Content recommended for you

Based on your browsing history

Asda chief Andy Clarke rallies business leaders to HS2 cause

Rail to Royal Mail: the dangers of flawed privatisations

Obama in historic call with Iranian president

Bids for two London commuter rail franchises sought

High speed rail chief dismisses funding delay concerns

Danny Alexander casts doubt on timetable for HS2 funding bill

HS2 doubts merit independent financial analysis

High-speed rail project faces Labour party scrutiny

Obama and Rouhani revive nuclear diplomacy

Ed Balls signals U-turn on High Speed 2

Printed from: <http://www.ft.com/cms/s/0/89560370-2782-11e3-ae16-00144feab7de.html>

Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.

© THE FINANCIAL TIMES LTD 2013 FT and 'Financial Times' are trademarks of The Financial Times Ltd.