

**ANTICIPATED ACQUISITION BY BRETAGNE-ANGLETERRE-IRLANDE S.A. OF CERTAIN ASSETS USED BY P&O FERRIES ON ITS PORTSMOUTH TO LE HAVRE SERVICE**

**Terms of reference**

1. Whereas in exercise of its duty under section 33(1) of the Enterprise Act 2002 ("the Act") to make a reference to the Competition Commission ("the CC") in relation to an anticipated merger the Office of Fair Trading ("the OFT") believes that it is or may be the case that-

(a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation in that:

(i) Bretagne-Angleterre-Irlande S.A. ("BAI") will acquire certain assets currently used by P&O Ferries ("P&O") (a unit of the Peninsular and Oriental Steam Navigation Company) to supply ferry services between Portsmouth and Le Havre such that enterprises carried on by or under the control of P&O will cease to be distinct from enterprises carried on by or under the control of BAI; and

(ii) as a result, the condition specified in section 23(4) of the Act will prevail to a greater extent, with respect to the supply of ferry services on the Western Channel: and

(b) the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services namely the supply of ferry services on the Western Channel.

2. Now, therefore, the OFT in exercise of its duty under section 33 of the Act, hereby refers to the CC, for investigation and report within a period ending on 23 May 2005, the following questions in accordance with section 36 of the Act -

(a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and

(b) if so, whether the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom.

3. In relation to the question whether a relevant merger situation will be created, the CC shall exclude from consideration one of the subsections (1) and (2) of section 23 of the Act if they find that the other is satisfied.

*John Vickers*

**John Vickers**  
**Chairman**  
**7 December 2004**