

THE MONOPOLIES AND MERGERS COMMISSION

**British Rail Hovercraft Limited
and
Hoverlloyd Limited**

A Report on the Proposed Merger

*Presented to Parliament in pursuance of
Section 83 of the Fair Trading Act 1973*

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*These members formed the Group which was responsible for this Report (see paragraph 1.2).

Contents

<i>Chapter</i>		<i>Page</i>
1	Introduction	1
2	The competitive environment	3
3	British Rail Hovercraft Ltd	21
4	Hoverlloyd Ltd	26
5	The views of third parties	30
6	The views of the main parties	35
7	Conclusions	41
 <i>Appendices</i>		
1	British Rail Hovercraft Ltd: capital employed	49
2	British Rail Hovercraft Ltd: statement of source and application of funds	50
3	Hoverlloyd Ltd: capital employed	51
4	Hoverlloyd Ltd: statement of source and application of funds	52

CHAPTER 1

Introduction

1.1. On 5 March 1981 the Department of Trade sent to the Commission the following reference:

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation as defined in section 64(8) of the Fair Trading Act 1973, in that:

- (a) enterprises carried on by or under the control of British Rail Hovercraft Limited (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of Hoverlloyd Limited; and
- (b) the value of the assets which will be taken over exceeds £15 million.

Now, therefore, the Secretary of State in exercise of his powers under section 69(2) and 75 of the said Act hereby refers the matter to the Monopolies and Mergers Commission for investigation and report within a period of three months beginning with the date of this reference.

In relation to the question whether a merger situation qualifying for investigation will be created if the arrangements herein referred to are carried into effect the Commission shall exclude from consideration section 64(1)(a) of the said Act.

(Signed) DEREK EAGERS

An Under Secretary of the Department of Trade

5 March 1981

In order that the Commission's investigation and report should encompass certain enterprises under the control of Brostroms Rederi AB, the parent company of Hoverlloyd, besides those under the control of Hoverlloyd itself, the Department of Trade on 6 April 1981 sent to the Commission the following further reference:

BRITISH RAIL HOVERCRAFT LIMITED/BROSTROMS REDERI AB

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation as defined in section 64(8) of the Fair Trading Act 1973, in that:

- (a) enterprises carried on by or under the control of British Rail Hovercraft Limited (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of Brostroms Rederi AB; and
- (b) the value of the assets which will be taken over exceeds £15 million.

Now, therefore, the Secretary of State in exercise of his powers under section 69(2) and 75 of the said Act hereby refers the matter to the Monopolies and Mergers Commission for investigation and report within a period of sixty days beginning with the date of this reference.

In relation to the question whether a merger situation qualifying for investigation will be created if the arrangements referred to are carried into effect the Commission shall exclude from consideration section 64(1)(a) of the said Act.

(Signed) J A COOKE

An Assistant Secretary of the Department of Trade

6 April 1981

1.2. The Chairman of the Commission acting under section 4 of the Fair Trading Act 1973 and paragraph 10(1)(a) of Schedule 3 thereto, directed on 6 March that the functions of the Commission in relation to the first reference should be discharged through a group of six members, under the chairmanship of Mr J D Eccles, a Deputy Chairman of the Commission. The composition of the group is indicated in the list of members which prefaces this report. The same group discharged the functions of the Commission in relation to the second reference.

1.3. A notice inviting interested parties to submit evidence to the Commission was inserted in *The Times*, *Financial Times*, *Travel Trade Gazette*, *Europa* and *Travel News*. Written evidence was received from British Rail Hovercraft, Hoverlloyd, the British Railways Board and Brostroms Rederi AB. Written evidence was also received from the Department of Industry, the Department of Trade, the Department of Transport, the General Council of British Shipping, British Hovercraft Corporation Ltd, the Association of British Travel Agents Ltd (ABTA), the Dover Harbour Board, Thanet District Council, Ramsgate Chamber of Commerce, the British Tourist Authority, the Passenger Shipping Association, the Automobile Association, RAC Commercial Holdings Ltd, Thomas Cook Ltd, the Trades Union Congress, the Transport Salaried Staffs' Association, the National Union of Seamen, the National Union of Railwaymen and many other associations and companies.

1.4. Our inquiries included a visit to the hovercraft facilities at Dover Harbour and Pegwell Bay near Ramsgate.

1.5. Four hearings were held: one each with British Rail Hovercraft and Hoverlloyd, one jointly with representatives of both companies and one with representatives of the General Council of British Shipping.

1.6. Some of the evidence obtained in the course of our inquiry was of a confidential nature; our report contains only such information as we consider necessary for understanding our conclusions.

1.7. We should like to take this opportunity of thanking all those who helped us in our inquiry and we are particularly grateful to representatives of the two companies principally concerned, and to the British Railways Board and Brostroms Rederi AB.