



the department for Enterprise

Not raised

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See Caroline

Neil Thornton spoke to you about the Prime Minister's meeting with Sir Jeffrey Sterling today. In case the meeting wanders into cross-channel ferry territory, you may like to have some background on the recent Monopolies and Mergers Commission (MMC) reference on cross-channel ferries.

Earlier this year, the previous Secretary of State refused consent to a new pooling agreement between P&O and Sea Containers on the French short-sea routes. P&O and Sea Containers (through their subsidiaries European Ferries and Sealink) are bound by 1979 undertakings given to the Secretary of State not to enter into new pooling agreements without his consent. In order to reexamine the validity of these undertakings, the Director General of Fair Trading on 24 July referred the French short sea routes to the MMC for investigation. The Commission is likely to consider the validity of the 1979 undertakings during the inquiry.

The MMC are due to report on 23 November to the Secretary of State. Were Sir Jeffrey unexpectedly to raise this, the Prime Minister will wish to remind Sir Jeffrey that the issue is before the MMC, and that in those circumstances it is not possible for her to comment.

You may also like to see the PNQ tabled today by Barry Field MP, and the briefing provided for the speaker. The PNQ has not been allowed. Sir Jeffrey's involvement is only incidental, P&O and Sea Containers Limited being the two



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separate ferry operators across the channel. I should just mention that P&O is also subject to an undertaking given in 1982 not to acquire businesses from Sealink.

Yours ever

Ben

BEN SLOCOCK
Private Secretary

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