



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, NOVEMBER 10, 1970

The Department of Justice filed a civil antitrust suit today charging Bethlehem Steel Corporation, Bethlehem, Pennsylvania, with using reciprocal purchase arrangements with suppliers and customers in violation of the Sherman Act.

Attorney General John N. Mitchell said the complaint and a proposed consent judgment, to become final in 30 days, were filed together in the United States District Court in Philadelphia, Pennsylvania.

The suit charged the nation's second largest steel producer with entering into combinations with various suppliers since 1956 in order to restrain trade by reciprocating purchases, which is a violation of Section 1 of the Act.

The complaint also charged that Bethlehem Steel has used its purchasing power since 1956 to promote sales in an attempt to monopolize the requirements of actual and potential supplier-customers for products manufactured or fabricated, as well as services rendered by Bethlehem Steel, in violation of Section 2 of the Act.

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The suit said the practices have had the effect of foreclosing competitors of Bethlehem Steel from selling substantial quantities of goods and services to Bethlehem's customers and of preventing suppliers from selling goods and services to Bethlehem Steel.

Assistant Attorney General Richard W. McLaren, head of the Antitrust Division, said the consent judgment, to be in effect for 10 years, prohibits Bethlehem Steel from purchasing products or services from any supplier on the condition that such purchases will be based on Bethlehem Steel's sales to the supplier.

It also prohibits Bethlehem Steel from discussing with any supplier, contractor or customer the relationship of purchases and sales between them or from comparing statistical data to further such a relationship. The firm is further prohibited from maintaining statistical compilations that compare sales to and purchases from suppliers.

Bethlehem Steel is also prohibited from communicating to actual or potential suppliers or contractors that preference will be given in purchasing products or services from them based on Bethlehem Steel's sales to them.

Bethlehem Steel is directed by the consent judgment to abolish any office or position whose duties involve reciprocal purchasing arrangements and to refrain from establishing or maintaining any similar office or position.

Notice is to be given by Bethlehem Steel to its suppliers and customers that its personnel are prohibited by the consent judgment from purchasing or selling goods and services or soliciting bids for capital expenditures based on Bethlehem Steel's purchases, and are prohibited from entering into any agreement or understanding to that effect.

Bethlehem Steel is also required to notify its suppliers and customers that all of its personnel are prohibited from referring to its personnel having primary sales responsibilities any customer or supplier who inquires concerning his purchase and sales relationship with Bethlehem.

Bethlehem Steel also is a top-ranked company in terms of net income and sales, being second-largest in both categories in 1969.

Total shipments of steel products by Bethlehem Steel amounted to 14,481,000 tons, or 15.4 percent of total industry shipments, in 1969. Total sales of products and services amounted to approximately \$2,927,657,000, while total purchases of products and services and expenditures for plant and equipment amounted to approximately \$1,563,500,000.