



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, FEBRUARY 26, 1971

The Department of Justice filed a civil antitrust suit today charging National Steel Corporation, Pittsburgh, Pennsylvania, with using reciprocal purchasing 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 Pittsburgh.

The suit charged the nation's fourth largest steel producer with entering into combinations with various suppliers since 1964 in order to restrain trade by reciprocating purchases, which is a violation of Section 1 of the Act.

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

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

The consent judgment also forbids National 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.

National Steel is further prohibited from maintaining statistical compilations that compare sales to and purchases from suppliers and from communicating to actual or potential suppliers or contractors that preference will be given in purchasing products or services from them based on National Steel's sales to them.

In addition, National Steel is prohibited from agreeing with particular suppliers that the suppliers will buy from certain of its customers in order to reciprocate for purchases by National from such suppliers or to agree with particular suppliers to persuade other companies to buy from National in order to reciprocate for purchases made by National Steel from those suppliers.

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

National 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 National.

Total shipments of steel products by National Steel amounted to 6,585,200 tons, or 7 percent of total industry shipments, in 1969. For the same year, total sales of products and services by National Steel amounted to approximately \$1,225,052,000 while total purchases of products and services and expenditures for plant and equipment by that firm amounted to approximately \$800,000,000.

The suit was the sixth filed against steel producers charging illegal reciprocal purchasing arrangements.