



Department of Justice

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The Department of Justice today filed a civil antitrust suit challenging the lease by Nabisco Brands, Inc., of New York, New York, of its two corn wet milling plants, located in Montezuma, New York, and Clinton, Iowa, to Archer-Daniels-Midland Company (ADM), of Decatur, Illinois.

The lease became effective in June, 1982, and has an initial term of 13 years. Prior to the lease, both companies were major domestic producers of corn wet milling products, including high fructose corn syrup.

Attorney General William French Smith said the suit was filed in U.S. District Court in Des Moines, Iowa.

The complaint charges that the transaction violated Section 1 of the Sherman Act and Section 7 of the Clayton Act. It asks that the lease be rescinded and that the parties be required to restore Nabisco's corn wet milling business to its pre-lease competitive posture.

William F. Baxter, Assistant Attorney General in charge of the Antitrust Division, said that prior to the lease only nine firms produced high fructose corn syrup in the United States, and the four largest firms controlled approximately 70 percent of total domestic production capacity. ADM was the second largest producer of high fructose corn syrup in the United States. Nabisco ranked third.

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As a result of the lease, ADM became the largest producer of high fructose corn syrup in the United States, and Nabisco ceased all active participation in the business, Baxter said.

Corn products, such as corn syrup, corn starch, high fructose corn syrup, and dextrose, are obtained from the corn wet milling process. High fructose corn syrup is produced through the use of enzymes that convert the starch found in corn to a product containing fructose sugar. High fructose corn syrup is used primarily as a sweetening agent in soft drinks and other food products.

According to the complaint, ADM had high fructose corn syrup sales of \$207 million in 1981. Nabisco had high fructose corn syrup sales of \$180 million in 1981.

The complaint alleges that the lease eliminated competition between ADM and Nabisco in the manufacture and sale of high fructose corn syrup and increased concentration and unreasonably restrained competition in the manufacture and sale of high fructose corn syrup in the United States.