



# Department of Justice

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FOR IMMEDIATE RELEASE  
FRIDAY, JANUARY 13, 1989

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The Department of Justice has filed a civil antitrust suit to block a proposed joint venture of Ivaco Inc. of Montreal and Jackson Jordan Inc. of Schaumburg, Illinois.

The proposed joint venture would combine the firms' production of maintenance-of-way equipment, some of which is used in levelling and aligning railroad tracks.

The suit was filed Thursday in U.S. District Court in Grand Rapids, Michigan. Besides Ivaco and Jackson Jordan, the suit names as a defendant Canron Inc., a controlled subsidiary through which Ivaco manufactures and sells maintenance-of-way equipment in the United States. Canron is based in Toronto.

Charles F. Rule, Assistant Attorney General in charge of the Antitrust Division, said the lawsuit alleges that the proposed joint venture, which is valued at about \$30 million, would violate Section 7 of the Clayton Act because it might substantially lessen competition in the production and sale of automatic tampers -- large pieces of equipment used to level and align railroad tracks.

There are three types of automatic tampers:

- production tampers, which are used to correct mainline track;

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- combination production and switch tampers, which are used to correct switches and mainline track; and
- chase tampers, which are used in conjunction with production tampers on mainline track.

Ivaco, through its subsidiary Canron produces automatic tampers at plants in Columbia, South Carolina, Toronto and Queensland, Australia. Jackson Jordan produces automatic tampers in Ludington, Michigan. Plasser & Theurer of Austria, the only other supplier of automatic tampers to the United States market, has a plant in Chesapeake, Virginia.

The Department advised the companies on September 16, 1988, that it would sue to block the proposed joint venture if the parties proceeded with the plan. The parties recently informed the Department that they would consummate their proposed joint venture as early as January 17, 1989, unless the Department obtained a court order enjoining the joint venture.

Sales of automatic tampers in the United States in 1987 totaled about \$15 million. Ivaco is the largest domestic producer, Jackson Jordan the third largest.

"The proposed joint venture poses a significant risk to competition in the production and sale of automatic tampers, a key maintenance-of-way product for railroads," Rule said. "The proposed joint venture would control over 70 percent of the automatic tampers sold in the United States.

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"We are particularly concerned about the proposed joint venture because it would reduce to only two the number of United States sellers of automatic tampers. As a result, railroad companies could face higher prices."

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