



Department of Justice

FOR IMMEDIATE RELEASE
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AT
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JUSTICE SUES TO BREAK UP SALT COMPANY

The Department of Justice filed an antitrust suit today against North American Salt Company (NAMSCO) of Mission, Kansas, challenging the 1988 acquisition of Carey Salt Inc. by one of NAMSCO's predecessors. Accompanying the filing was a proposed consent decree that would settle the suit.

The Department had announced its intention to challenge the acquisition on March 12, 1990. The acquisition combined under NAMSCO's ownership Carey's rock salt mine in Hutchinson, Kansas, and the rock salt mine of another NAMSCO subsidiary, American Salt Company, in Lyons, Kansas.

James F. Rill, Assistant Attorney General in charge of the Antitrust Division, said the suit, which was filed in U.S. District Court in Chicago, alleges that the acquisition violated Section 7 of the Clayton Act because it may substantially lessen competition in the production and sale of rock salt used in highway de-icing and agricultural applications in two central U.S. markets: a west central market encompassing Kansas, Nebraska, western Missouri and Iowa, and central and eastern South Dakota, and an east central market encompassing eastern Missouri and Iowa, southern Minnesota and western Illinois.

Rock salt is the least expensive type of salt available in

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the central United States and is generally used in applications where rock salt meets the purchaser's specifications and cost is the primary purchasing criterion.

De-icing rock salt, which is applied to roadways to melt ice and snow, represents the largest end-use segment of rock salt by volume. The primary purchasers of de-icing salt are government entities, such as state departments of transportation and city street departments, which typically buy salt annually on a competitive bid basis.

Agricultural applications account for the second largest segment of rock salt usage by volume in the central United States because salt is an essential nutrient in the diets of livestock and poultry. Agricultural salt purchasers include feed mix companies, agricultural cooperatives and farmers.

Rock salt is produced in several domestic production regions, including Kansas and Louisiana. Because of freight costs, only mines in the Kansas production region are able to serve the west central United States market defined in the complaint. The combination of American and Carey reduced from three to two the number of Kansas rock salt producers serving this area.

The east central United States market is served by mines in both the Kansas and Louisiana production regions. The Louisiana mines serve this area by barging salt up the Mississippi River.

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The American/Carey merger reduced from seven to six the number of firms able to supply de-icing rock salt throughout the area and from six to five the number of firms able to supply rock salt for agricultural applications throughout the area.

The consent decree, which must be approved by the court, requires NAMSCO to divest either Carey's or American's rock salt business to a purchaser approved by the Department.

The proposed decree also enjoins NAMSCO from acquiring another rock salt mine in which it has expressed interest, the Cote Blanche, Louisiana, mine of Domtar Inc. of Montreal, Canada, unless NAMSCO also divests the second of its Kansas rock salt mines to a different qualified purchaser. Salt produced at Domtar's Cote Blanche mine currently is sold in the east central market in competition with salt produced at Carey's and American's mines.

Public comment on the proposed consent decree is invited within the statutory 60-day comment period. Interested persons may address comments to Kent Brown, Chief, Midwest Field Office, Antitrust Division, U.S. Department of Justice, Room 3820, Kluczynski Federal Building, 230 South Dearborn Street, Chicago, Illinois 60604 (telephone: 312/353-7530).

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