



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, SEPTEMBER 26, 1995

AT
(202) 616-2771
TDD (202) 514-1888

**JUSTICE STOPS TAMPA, FLORIDA, OCEAN CARRIER FROM IMPOSING
AN ADDITIONAL COST ON SMALL WINE IMPORTERS**

WASHINGTON, D.C. -- The Department of Justice took steps today to end discriminatory shipping rates that put small importers of wine and liquor at a competitive disadvantage.

The Department's Antitrust Division filed a lawsuit to challenge an agreement between the Lykes Bros. Steamship Co. Inc., a major carrier of wine and spirits headquartered in Tampa, Florida, and the Universal Shippers Association, the largest association of importers of wine and spirits, under which Lykes was required to charge other importers at least five percent more in shipping costs than it charged Universal.

The Department said the additional cost made it harder for smaller domestic competitors to transport products from Europe to the United States at lower prices.

At the same time, the Department filed a proposed consent decree, that if approved by the court, would settle the suit. The consent decree would be in effect for up to 10 years.

In the suit filed in U.S. District Court in Washington, D.C., the Department said the contract provision, called an "automatic rate differential," gave Universal an unreasonable advantage over its competitors. Universal handles about half of the wine and spirits carried from Europe to the United States.

Anne K. Bingaman, Assistant Attorney General in charge of the Department of Justice's Antitrust Division, said, "The automatic rate differential clause in this case acted as a kind of tax on Universal's competitors, making it harder for them to bring wine and spirits into the United States at lower prices. The settlement, which would prohibit Lykes from agreeing to similar clauses in the future, levels the playing field for competitors of Universal."

The consent decree prohibits Lykes from maintaining, adopting, agreeing to, or enforcing an automatic rate differential clause in any contract. It also nullifies any automatic rate differential clause in any existing contract. Upon entry of the consent decree, Lykes must notify in writing each shipper with whom it has an automatic rate differential clause letting them know that the consent decree prohibits such a clause. Lykes also will be required to maintain an antitrust compliance program.

U.S. wine and spirits importers spend more than \$40 million on ocean transportation annually between Europe and the United States. Importers often join shippers' associations, including Universal Shippers Association, that negotiate ocean transportation agreements for them. Universal's members include beverage dealers as well as large distillers that ship their own products.

As required by the Tunney Act, the proposed consent decree, along with the Department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed consent decree during a

- 3 -

60-day comment period to Roger W. Fones, Chief, Transportation,
Energy and Agriculture Section, Room 9104, U.S. Department of
Justice, 555 Fourth Street, N.W., Washington, D.C. 20001.
Telephone: 202/307-6351.

###

95-500