



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, MARCH 29, 1996

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

**U.S. DEPARTMENT OF JUSTICE REQUIRES GEORGIA-PACIFIC
TO DIVEST TWO GYPSUM DRYWALL PLANTS AND RELATED ASSETS**

Washington, D.C. -- Georgia-Pacific Corporation, one of the nation's largest gypsum drywall producers, will be allowed to go forward with its \$350 million acquisition of a Canadian company's North American drywall business as long as Georgia-Pacific divests drywall plants in Wilmington, Delaware and Buchanan, New York, under a settlement reached today with the Department of Justice.

The Department said that without the divestiture, Georgia-Pacific and two other firms would hold about 90 percent of the gypsum drywall capacity in the northeastern United States.

The Department's Antitrust Division filed suit today in U.S. District Court in Delaware to block Georgia-Pacific's original proposal to acquire the gypsum assets of Domtar Inc. At the same time, a proposed settlement was filed that, if approved by the court, would settle the suit.

Anne K. Bingaman, Assistant Attorney General in charge of the Department's Antitrust Division, said, "Drywall is used in almost every home and office in America. We can't allow a merger that would raise prices for this essential commodity. This divestiture will introduce one or two sizeable independent

manufacturers into the northeast, which will preserve much needed competition."

The Department alleged in its complaint that the merger would lessen competition in the market for gypsum drywall in the northeast region of the United States and facilitate coordinated pricing activity there, and raise prices to gypsum customers.

"The merger as originally proposed would have allowed three large gypsum companies--each of which has been involved in unlawful pricing conduct in the past--to dominate sales in the northeastern United States," said Bingaman.

Gypsum drywall, also known as wallboard or sheetrock, is used principally for constructing or repairing walls and ceilings of commercial and residential buildings.

In the market affected by the merger, which encompasses a 12-state region from Maine to Virginia, homebuilders and commercial construction companies are serviced principally by United States Gypsum Co., National Gypsum Co., and the merging parties.

Georgia-Pacific, headquartered in Atlanta owns 10 gypsum board plants in the United States. In 1995, Georgia-Pacific's United States gypsum board sales totaled about \$250 million.

Domtar, a major North American pulp and paper manufacturer, is a Canadian Corporation headquartered in Montreal, Quebec, Canada. In 1995, Domtar's United States gypsum board sales totaled about \$220 million.

In 1920s, 1940s and again in the 1970s, major producers of gypsum wallboard were the subject of civil and criminal price fixing litigation.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to J. Robert Kramer, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H St., N.W., Suite 3000, Washington, D.C. 20530.

At the conclusion of the 60-day comment period, the court may enter the consent decree upon finding that it serves the public interest.

###

96-149