



Department of Justice

FOR IMMEDIATE RELEASE
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**JUSTICE DEPARTMENT STOPS VIRGINIA WINE & SPIRITS IMPORTERS'
ASSOCIATION FROM IMPOSING AN ADDITIONAL COST ON COMPETITORS**

WASHINGTON, D.C. -- Universal Shippers Association, one of the country's largest wine and spirits importers' association, will end its discriminatory shipping rate practices, under a settlement reached today with the Department of Justice. The Department said that the practice put small importers of wine and liquor at a competitive disadvantage.

The Department's Antitrust Division filed a lawsuit to challenge an agreement between Universal, based in Bedford, Virginia, and the Lykes Bros. Steamship Co. Inc., a major carrier of wine and spirits headquartered in Tampa, Florida. The challenged agreement required Lykes 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.

In September 1995, the Department settled charges against Lykes for its involvement in the agreement.

In the suit filed in U.S. District Court in Alexandria, Virginia, 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 northern Europe to the United States.

Anne K. Bingaman, Assistant Attorney General in charge of the Department of Justice's Antitrust Division, said, "This unfair tax-like charge to Universal's competitors, made it harder for them to bring wine and spirits into the United States at lower prices."

The consent decree prohibits Universal 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, Universal 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. Universal 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 60-day comment period to Roger W. Fones, Chief, Transportation, Energy and Agriculture Section, Suite 500, U.S. Department of Justice, 325 Seventh Street, N.W., Washington, D.C. 20530. Telephone: 202/307-6351.

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