



Department of Justice

FOR IMMEDIATE RELEASE
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**JUSTICE DEPARTMENT APPROVES FISH CATCHERS/PROCESSORS PROPOSAL
TO ALLOCATE AMONGST THEMSELVES THE AMOUNT OF GOVERNMENT-
REGULATED PACIFIC WHITING THEY CAN HARVEST**

WASHINGTON, D.C. -- The Department of Justice today approved a proposal by a group of fish catchers and processors that will allow them to allocate amongst themselves the fixed quota of Pacific Whiting allocated to them as a group by the U.S. government.

The Department said that the group's proposal is not likely to have an anticompetitive effect in the regulated output setting.

The group, known as The Whiting Conservation Cooperative, will be created by the four members licensed to operate as catchers and processors of Pacific Whiting--Alaska Ocean Seafood, American Seafoods, Glacier Fish Co., and Tyson Seafood Group.

The Department of Commerce, for environmental and economic reasons, limits the amount of Pacific Whiting that may be harvested from U.S. waters in a given year. In addition to determining the maximum amount of Pacific Whiting that may be harvested from U.S. waters, Commerce's regulatory program divides the total quota between three groups of processors.

For 1997 through 2001, Commerce's Pacific Whiting Fishery Plan allocates harvesting as follows:

- Forty-two percent to on-shore processing plants;
- Twenty-four percent to "mothership" processors--ships that have on-board processing capabilities but do not catch the fish; and
- Thirty-four percent to vessels that catch and process their own fish on-board--catcher/processors or C/Ps.

Entry into the Whiting fishery is limited. Licenses were issued to qualifying vessels at a prior qualifying date and are transferable.

Under the current regulatory plan, the entire sub-allocation of each group of processors may be harvested by each licensed participant. This is referred to as an "olympic" system because it provides each individual processor with the incentive to harvest as much as possible of its sector's total allotment as fast as it can. Any amount not harvested by one member of the group will be lost to other members of the group.

The group's proposal allows the companies to enter a harvesting agreement under which the total catcher/processor allotment provided for in the regulatory plan would be divided among the four members in specified proportions. Alaska Ocean Seafood, American Seafoods, Glacier Fish Co., and Tyson Seafood Group will divide amongst themselves the 34 percent that is allotted to the catcher/processor group. The agreement would limit only the harvesting activities of its members. It will

expressly disclaim any intent to constrain the production or marketing practices of the member companies. No joint discussions of purchasing, processing, marketing or sales will be engaged in other than as appropriate as part of Commerce's regulatory process or as permitted by that Department's certificated export committee to which three of the members belong.

Pacific Whiting generally is not sold as an end product directly to consumers. Rather, it is primarily used to produce surimi--a protein paste made by repeatedly macerating and washing the flesh of the fish to remove all water soluble fats and other impurities and blending it with certain compounds. Surimi is used as a component in various consumer products in Japan and artificial crab meat in the U.S. Other types of fish are substitutable for Pacific Whiting in the preparation of surimi. Surimi made from Pacific Whiting accounts for approximately four percent of world-wide surimi production.

Joel I. Klein, Acting Assistant Attorney General in charge of the Department's Antitrust Division, noted that the Department of Justice had stated in a prior filing in a Department of Commerce fishing rights regulatory proceeding that utilization of an olympic race system to gather a fixed quota of fish "is both inefficient and wasteful because it is likely to generate inefficient over-investment in fishing and processing capacity."

Klein stated that, "It does not appear that the proposed

elimination of the olympic system race to gather the fixed quota of Pacific Whiting would have any incremental anticompetitive effect in the regulated output setting."

Klein also said that to the extent that the proposed agreement allows for more efficient processing that increases the output of the processed Pacific Whiting or reduces the inadvertent catching of other fish species whose preservation is also a matter of regulatory concern, it could have a procompetitive effect.

The Department's position was stated in a business review letter from Klein to counsel for the Whiting Conservation Cooperative.

Under the Department's Business Review Procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, N.W., Department of Justice, Washington, D.C. 20004. After a 30-day period, the documents supporting the business review will be added to the file.

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