



Department of Justice

FOR IMMEDIATE RELEASE
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**JUSTICE DEPARTMENT APPROVES PROPOSAL BY RUSSELL-STANLEY CORP. TO
BE PRIME CONTRACTOR FOR INDUSTRIAL STEEL DRUMS SOLD IN U.S.**

WASHINGTON, D.C. -- The Department of Justice today approved a proposal by Russell-Stanley Corporation that would allow the company to act as a prime contractor of industrial steel drums to customers who want to acquire all of their U.S. steel drums from a single source.

The Department said that Russell-Stanley's proposal to use subcontractors to bid for national steel drum business would not be anticompetitive since the company would not subcontract to its steel drum competitors. The Department also said that the proposal may allow Russell-Stanley to compete more effectively and efficiently which could have a procompetitive effect.

Russell-Stanley Corp. manufactures and sells industrial steel drums from plants in Texas and New Jersey to customers that use the drums to transport chemical and petroleum products. Russell-Stanley asserts that the cost of transporting steel drums from its manufacturing plants to the customer is sufficiently high as to limit the geographic area within which it can efficiently compete.

Recently certain large customers of steel drums have indicated a preference for purchasing all of their U.S. steel drum needs from a single source because they do not want to have

to negotiate price and other terms with multiple suppliers. Russell-Stanley claims that its limited number of manufacturing plants and the high cost of delivering steel drums to customers places it at a competitive disadvantage with competitors that have more plants in securing the business of large customers who desire to procure all their U.S. needs from a single source.

To overcome that asserted competitive disadvantage, Russell-Stanley would bid for this type of national account business after determining which of the potential customers' needs that it could not itself provide efficiently, and obtaining subcontractors to do that work. The subcontractors would not be firms with which Russell-Stanley competes in any steel drum market. The only price information communicated between Russell-Stanley and its subcontractors would be the price quoted by the subcontractor to Russell-Stanley for use in formulating its national account bid. The subcontractors would not be informed by Russell-Stanley of the price terms of its bids to potential national account customers.

Joel I. Klein, Acting Assistant Attorney General in charge of the Department's Antitrust Division, said that it did "not appear that Russell-Stanley's proposal to use firms with whom it does not compete as subcontractors in offering national account services would raise risks to competition."

Klein also noted that "to the extent that Russell-Stanley's proposal enables it to more effectively compete for the national account business of large steel drum customers and/or enables the

latter to achieve significant purchasing efficiencies, it could have a pro-competitive effect."

The Department's position was stated in a business review letter from Klein to counsel for Russell-Stanley.

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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