

Competition Bureau
50 Victoria Street
Gatineau, Quebec
K1A 0C9
Canada
compbureau@cb-bc.gc.ca

23 March 2006

Dear Commissioner Scott,

I write concerning a transaction in the salmon farming industry in Canada that will unite firms representing approximately 57 percent of farmed salmon licenses in British Columbia.¹

On March 22, Pan Fish shareholders in Stavanger, Norway, voted to approve the acquisition by Pan Fish of Marine Harvest. In turn, Marine Harvest has been a joint venture of Nutreco and Stolt-Nielsen. These two firms - Pan Fish and Marine Harvest - are now two of the three largest salmon farming firms operating in Canada. Together, the three largest firms - Pan Fish, Marine Harvest, and Cermaq (EWOS/Mainstream) - operate 80 percent of BC's marine salmon farm sites.²

Immediately, such a merger raises competition issues primarily related to consumer prices. In addition, as the director of the Pure Salmon Campaign, a global initiative aimed at promoting sustainable salmon aquaculture, I am sure our campaign partners - the British Columbia-based Coastal Alliance for Aquaculture Reform (CAAR), will be as concerned as I am that a monopolized industry, by nature, will be less responsive to consumer and community concerns than a competitive industry.

Canadian consumers and communities where salmon is farmed have voiced concerns about the current production of farmed salmon in British Columbia. In April 2005 poll conducted by Synovate Research, 80 percent of British Columbians surveyed want the BC government to stop investing in open net cage salmon farming and start investing in closed containment. Furthermore, 72 percent said the BC government must stop the expansion of industrial salmon farming.

The Pure Salmon Campaign and its global partners have been working with salmon farming companies to initiate production methods that prevent escapes, disease transfer, chemical pollution, that eliminate waste, and that leaves the ocean with more, not fewer

¹ Ministry of Agriculture and Lands. "BC Salmon Aquaculture Industry. Marine Salmon Farm Sites - August 2005." http://www.agf.gov.bc.ca/fisheries/licences/MFF_Sites_Current.htm

² Cox, Sarah. Raincoast Conservation Society. "Diminishing Returns: An Investigation into the Five Multinational Corporations that Control British Columbia's Salmon Farming Industry." December 2004. www.raincoast.org.

wild fish. To date, the producers have at least voiced their agreement to resolve these problems. Some have entered dialogue with environmental groups to improve standards.

We believe that a competitive industry, by nature, is more responsive to these consumer and community concerns.

Attached is an analysis of this transaction. The analysis considers whether the firms may be intentionally understating their market share to mask a control motive. Because of this, we ask that you exercise special rigor.

Sincerely,

Andrea Kavanagh
Director
Pure Salmon Campaign
National Environmental Trust
1200 18th Street NW, Suite 500
Washington, DC 20036

CC:

Sheila Fraser, Auditor General of Canada: communications@oag-bvg.gc.ca

Maxime Bernier, Minister of Industry: Minister.Industry@ic.gc.ca

Maurizio Bevilacqua: Bevilacqua.M@parl.gc.ca

Brian Masse: Masse.B@parl.gc.ca