

Philip Lowe
Directorate-General for Competition
European Commission
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23 March 2006

Dear Director-General Lowe,

I write concerning recently announced transactions in the salmon farming industry that have led to “undisputed global leadership”¹ by multi-national salmon producing company Pan Fish.

I write to your Commission as the director of the Pure Salmon Campaign, a partnership of conservation organizations based in Scotland, Canada, the United States, and Chile. Our goal is to promote sustainable salmon aquaculture and thus, we ask for production methods that prevent escapes, disease transfer, chemical pollution, that eliminate waste, and that leave the ocean with more, not fewer wild fish.

On 22 March 2006, Pan Fish shareholders in Stavanger, Norway, voted to approve various measures that provide for the acquisition by Pan Fish of Marine Harvest. In turn, Marine Harvest has been a joint venture of Nutreco and Stolt-Nielsen. Separately, Pan Fish has also recently acquired roughly 40 percent of Fjord Seafood. Moreover, a single Norwegian investor has obtained a significant shareholding in Pan Fish.

Immediately, such a merger raises competition issues primarily related to consumer prices in Europe and globally. Pan Fish claims that with Marine Harvest, it will represent 20 percent of global market share and will be the largest producer in every region of operation. This includes: approximately 20 percent market share in Norway, close to 50 percent in the United Kingdom, 45 percent in Ireland, and 20 percent in the Faeroe Islands². In 2005, Pan Fish claims that Marine Harvest alone controlled 21 percent of European market share³.

As discussed in the attached analysis, actual market share figures are debatable but issues of market control seem unavoidable. This analysis suggests that this concentration will lead to an “appreciable restriction of competition “within the salmon farming sector as

¹ Pan Fish presentation. “Pan Fish - Marine Harvest. The world leading aquaculture company.” Slide 4. 7 March 2006.

² Pan Fish presentation. “Pan Fish - Marine Harvest. The world leading aquaculture company.” Slide 4. 7 March 2006.

³ Pan Fish presentation. “Pan Fish - Marine Harvest. The world leading aquaculture company.” Slide 2. 7 March 2006.

defined in Article 81 of the EC treaty⁴ including increases in consumer prices and potential reductions in salmon production.

Based on conversations with the Norwegian Competition Authority and with the UK Office of Fair Trade, it is our understanding that that the European Commission may review the merger of Pan Fish and Marine Harvest instead of these national agencies.

European consumers and those communities where salmon is farmed have voiced concerns about current salmon farming practices. In recent months, we have witnessed criticism from within Norwegian food safety agencies and from Norwegian scientists regarding the safety of Norwegian farmed salmon exported to the EU.⁵ In Scotland, there is increasing concern over job losses on salmon farms and processing plants.⁶

We believe that a competitive salmon farming industry, by nature, is more responsive to consumer and community concerns and more favorable to the development of a sustainable salmon farming industry. In fact, to date, some of the leading salmon producers have at least pledged to improve their practices over time. And some have entered into dialogues with conservation groups regarding improved practices.

We are concerned that a monopolized industry will be less responsive to those consumer and community concerns than a competitive industry.

Sincerely,

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CC:

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⁴ European Commission. *EU Competition Policy and the Consumer*. Available at: <http://europa.eu.int/comm/competition/publications/>

⁵ Pure Salmon Campaign. Letter to the Honourable Sylvia Brustad and Honourable Terje Riis-Johansen, Re: Food Safety and Contamination of Norwegian Farmed Salmon. 24 February 2006. Available at: www.puresalmon.org/pdfs/health_food_safety_letter.pdf

⁶ "Dismay over latest fish farm merger" (The West Highland Free Press, 10th March 2006): <http://www.whfp.com/1767/top1.html>