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The Honourable Helga Pedersen
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Dear Minister Pedersen and Director General Johansen,

I write concerning recently announced transactions in the salmon farming industry that have led to “undisputed global leadership”¹ by a Norwegian salmon producing company.

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. Pan Fish claims that with Marine Harvest, it will represent 20 percent of global market share and at least 20 percent market share in Norway, alone². As discussed in the attached memo, actual market share figures are debatable but issues of market control in Norway seem unavoidable.

Global 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 salmon³. We are familiar with controversies involving feed integrity, which include a ban by Russia on fresh Norwegian farmed salmon imports. And, we are familiar with

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 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

a report by the World Wildlife Fund of Norway regarding the ubiquity of fugitive farmed salmon.

I write as the director of the Pure Salmon Campaign, a partnership of conservation organizations within salmon producing and consuming nations. 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.

We believe that a competitive salmon farming industry, by nature, is more responsive to these consumer and community concerns. To date, some of the leading salmon producers have at least pledged to resolve these problems over time. And some have entered into dialogues with conservation organizations to work towards improved practices.

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

Attached is an analysis of the recent transactions in the salmon farming industry. The analysis considers whether the firms may be intentionally understating their market share to mask a control motive.

We understand that a decision may be made that the European Commission will review the merger of Pan Fish and Marine Harvest, and therefore the Norwegian Competition Authority will not be responsible for reviewing this merger. In turn, we have also raised our concerns with the European Commission authorities. Given Pan Fish's application for additional salmon farm licenses in Norway, we believe the attached information will also be of interest to the Ministry of Fisheries and Coastal Affairs, which is responsible for regulating salmon licenses.

Sincerely,

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