

Director of Mergers, Simon Pritchard
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Dear Director Pritchard,

I write concerning the proposed combination of Pan Fish and Marine Harvest, which in turn holds a significant share of Fjord Seafood. Together, this collection will represent a majority of the production capacity in Scotland in addition to “undisputed global leadership”¹ by a Norwegian salmon producing company.

By way of background, I serve as the director of the Pure Salmon Campaign, a partnership of conservation organizations within salmon producing and consuming nations including Scotland’s Salmon Farm Protest Group. We believe there are serious environmental and consumer health problems associated with salmon farming.

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 almost 50 percent market share in Scotland alone². As discussed in the attached memo, actual market share figures are debatable but issues of market control in the United Kingdom seem unavoidable.

Consumers and those communities where salmon is farmed have voiced concerns about current salmon farming practices. In Scotland, there is increasing concern over job losses on salmon farms and processing plants. This merger may lead to employment loss, as occurred in Scotland, Norway and Chile following last year’s merger between Marine Harvest and Stolt³. We note that a number of figures in Scotland have expressed concern at the proposed merger⁴⁵⁶.

¹ Pan Fish presentation. “Pan Fish - Marine Harvest. The world leading aquaculture company.” Slide 4. 7 March 2006: www.panfish.no

² Pan Fish presentation. “Pan Fish - Marine Harvest. The world leading aquaculture company.” Slide 4. 7 March 2006: www.panfish.no

³ “Nutreco’s net result increased 72% in first half year 2005” (Nutreco, 2nd August 2005):

http://www.nutreco.com/index.php?option=com_content&task=view&id=388&Itemid=426&lang=GB

⁴ <http://www.sundayherald.com/54485>

⁵ “Dismay over latest fish farm merger” (The West Highland Free Press, 10th March 2006):

<http://www.whfp.com/1767/top1.html>

⁶ “Fish-farm jobs fear after £800m deal” (The Scotsman, 7th March 2006):

<http://business.scotsman.com/agriculture.cfm?id=342682006>

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 accordingly, we raise our concerns with these authorities. Given the presence of Pan Fish, Marine Harvest and Fjord Seafood in Scotland we believe the attached information will also be of interest to the Scottish Parliament as well as local councils in the Highlands and Islands of Scotland.

Sincerely,

Andrea Kavanagh
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