

Edwin James.
Inquiry Secretary (Pan Fish/Marine Harvest Enquiry)
Competition Commission
Victoria House,
Southampton Row,
London.
WC1B 4AD.

21st July 2006

Dear Mr James,

Reference: Anticipated acquisition by Pan Fish ASA of Marine Harvest N.V

The Marine Conservation Society (MCS) is a UK charity dedicated to the protection of the marine environment and its wildlife. One of our key aims is the sustainable management of fisheries including the development of sustainable and environmentally sensitive fish farming practices.

MCS is concerned that the proposed takeover of Marine Harvest by Pan Fish will reduce the competition within the salmon farming industry in Scotland, which will in turn have negative implications.

Scotland is striving to become recognised as a producer of quality salmon, an objective that is best served by a diverse and competitive industry. To ensure a continued drive to greater environmental sustainability within Scottish salmon production, competition needs to exist amongst producers that are farming to a range of production standards. Salmon produced to high environmental standards attract a premium price in today's increasingly consumer aware market place, and other producers will be incentivised to follow suit.

We are concerned that a dominant single producer, wishing to expand its business further, may take over existing production sites by buying out small independent producers, which has been the case in the past. This benefits no one, as previous mergers have historically resulted in not only reduced competition, but also job losses, a practice that cannot be allowed to continue in communities where alternative employment is minimal at best.

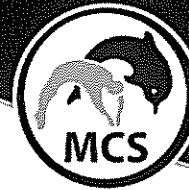
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It is also generally the smaller independent producers who are striving to achieve high environmental production standards enabling them to supply a niche market and therefore pushing the environmental sustainability of the industry forward. A single dominant producer, looking to expand, will not only be in a financial position to take over such independents, but will be able to, by economies of scale, produce salmon at a lower cost than those independent suppliers that remain. This could further widen the price difference between products from large companies and smaller more sustainable ones, to the potential point where making the most sustainable choice becomes too expensive for the consumer.

The proposed merger will also lead to the domination of industry bodies by a large producer, which may lead to decisions being made in the best interests of the dominant producer rather than the industry as a whole.

I hope you find our comments useful, please do not hesitate to contact me for further clarification on any points.

Regards


Dawn Purchase

Mariculture Officer

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