



U.S. Department of Justice

Antitrust Division

Office of the Assistant Attorney General

Washington, D.C. 20530

JAN 14 1993

George Velez, Esquire
General Motors Corporation Legal Staff
New Center One Building
3031 West Grand Boulevard
P.O. Box 33122
Detroit, Michigan 48232

Re: Business Review of Proposed Auto Shippers' Efficiency Committee

Dear Mr. Velez:

This letter responds to your request on behalf of certain automobile manufacturers for a statement pursuant to the Department of Justice's Business Review Procedure (28 C.F.R. § 50.6) of the Department's current enforcement intentions regarding the proposed Auto Shippers' Efficiency Committee. The purpose of this Committee will be to allow shippers to meet to exchange information about railroad car construction, maintenance issues, and operating procedures, and to formulate joint recommendations for improving the efficiency of the Multilevel Railcar Pool. For example, the information exchanged may concern the interchangeability of rail cars and design issues related to preventing damage to automobiles during rail transport. The membership will include Chrysler, Ford, GM, Honda, Isuzu, Jaguar, Mazda, Mitsubishi, Nissan, Toyota and Volkswagen. Membership will not be exclusive, however, for other shippers seeking membership will be admitted.

We understand that the Multilevel Railcar Pool is a group of twenty railroads that was formed to eliminate back-hauling of empty multilevel railcars, which are used to transport automobiles. This has been accomplished by pooling the railcars and using central distribution teams that route the cars from the shipper's assembly plant where they were unloaded to the next closest assembly plant with automobiles to be

shipped for reloading. The pooling agreement has been approved by the Interstate Commerce Commission ("ICC") pursuant to 49 U.S.C. § 11342. The Department expresses no view on the effect of the Pool on rail competition, and our statement of enforcement intentions assumes continuing ICC approval of the Pool.

You have told us that the Committee will be organized pursuant to written Bylaws which provide that the Committee will be comprised of one representative of each shipper that participates in the Multilevel Railcar Pool. Each member will have one vote on any matter submitted to the Committee for action. The Bylaws also contain provisions limiting meeting topics to those contained in a pre-published agenda; requiring minutes of the meeting to be published and circulated to members; and requiring that legal counsel be present at each meeting. The Bylaws state that the same legal counsel shall not serve at more than four consecutive meetings. None of these provisions can be repealed, modified or amended in any way that would limit their applicability.

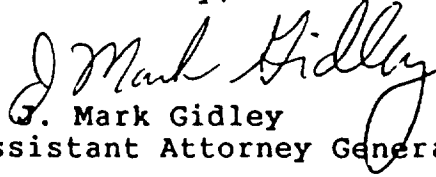
Although the exchange of information between competitors can in some circumstances facilitate anticompetitive coordination, the information to be exchanged by the Committee will be limited to information related to railroad car construction and maintenance and operating procedures of the pool and will not include competitively sensitive data about product price, freight rates, number of automobiles shipped, or number of shipments made. In addition, the written Bylaws of the Committee, which you have told us will govern the operation of the Committee, contain provisions that strive to protect against collusive activities occurring at meetings of the Committee. Thus, it does not appear that there is a substantial risk of anticompetitive collusion in the market for automobiles. With respect to the transportation service market, the operation of the Committee does not appear likely to increase the possibility of collusion, given the ICC's approval of the pool.

Based on the information you have provided us, the Department of Justice has no current intention of instituting enforcement proceedings to challenge implementation of the Auto Shippers' Efficiency Committee. In accordance with our normal practice, however, the Department reserves the right to bring an enforcement action if the actual operation of the Auto Shippers' Efficiency Committee proves to be anticompetitive in purpose or effect.

This statement of the Department's enforcement intentions is made in accordance with the Department's Business Review Procedure, 28 C.F.R. § 50.6. Pursuant to its terms, your request and this letter will be made available to the public

immediately. Your supporting documents will be made publicly available within 30 days of the date of this letter unless you request that any part of the material be withheld in accordance with Paragraph 10(c) of the Business Review Procedure.

Sincerely,

A handwritten signature in cursive script that reads "J. Mark Gidley". The signature is written in black ink and is positioned above the typed name and title.

J. Mark Gidley
Acting Assistant Attorney General

Enclosure