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ACTION
Remarks by Mr. Helms

SOFT DRINK INTERBRAND COMPETITION ACT (S. 598)

● Mr. HELMS. Mr. President, I am pleased to be one of the cosponsors of legislation designed to preserve a unique and competitive industry practice—the manufacture, bottling, and distribution of trademarked soft drinks by local companies operating under territorial licenses. The Soft Drink Interbrand Competition Act, introduced on March 8, 1979, allows local manufacturers to maintain their territorial licenses as long as there is substantial and effective interbrand competition.

The soft drink industry is composed of thousands of small companies and plants built to serve local communities. Typically, the bottler employs less than 50 persons. A 1977 profile of the North Carolina soft drink industry is illustrative of the small size and competitive nature of this business:

North Carolina soft drink manufacturers

Number of plants	87
Domestic owned plants	70
Number of firms	59
Domestic owned firms	52
Single-plant firms	41
Multi-plant firms	18
Plants by number of employees:	
1–49	61
50–99	14
over 100	12
Number of cities with plants	49

The Federal Trade Commission's decision to bar as unlawful territorial restrictions in soft drink trademark licensing—like most misguided bureaucratic actions—creates more harm than good. In the long run, the FTC decision would prove to be anticompetitive. If territorial licenses are prohibited, it is most likely that many of the small bottlers will be absorbed by larger ones. Such a restructuring of the industry would be inconsistent with the purposes of the antitrust laws.

This legislation will encourage the industry to continue operating in small units effectively competing with each other. This is good for both the industry and the consumer. I urge my colleagues to join in supporting this worthwhile legislation.●