

Sent: 06 October 2011

### **Anonymised and redacted response**

[X] is made up of a group of companies. [X] has in the past and continues to compete against Tarmac, although this does not affect our business relationship.

Lafarge's closest depot is over 100 miles away and therefore has never been a competitor, only a supplier of cement [X]. [X] has also purchased cement from Lafarge in the past. [X] were the first to provide the [X] market with a liquid screed and has an excellent reputation for quality and service.

The lack of alternative cement suppliers has the potential to damage our business profitability. We used to purchase Cement from Lafarge, but after a number of years of sustained price increases, we had no alternative but to change cement supplier.

Other options available to us would be limited with the loss of BLI:-

- Dragon cement – limited capacity and too far away to service us properly. This would restrict our business and make us ~~it~~ uncompetitive.
- Hanson Cement – unfortunately this isn't a real option as Hanson is our largest competitor. Hanson has benefited from the rise in cement prices. However, it has consistently driven down the prices of Hanson Premix (one of its own down stream business). Over a number of yours we have seen cement prices increase and Hanson's concrete prices reduce by more and £10/m3.

We would consider local supply options to be within a 30 – 40 mile radius of [X]. Purchases are typically made on the basis of an annual contract. We have very little ability to negotiate on price with cement suppliers.

Our concern is that the major suppliers continue to increase the price of cement, whilst their ready mix businesses continue to drive down the price of concrete and mortar products. This puts tremendous and unfair pressure on independent companies and some have been forced out of business.

With respect to the impact of the proposed joint venture, I am a little concerned regarding the loss of an alternative cement supplier. However, I do believe that further consolidation is necessary in other sectors, such as ready mix concrete, asphalt and aggregates.

Since the investigation by the CC there has been a change in attitude from some cement suppliers in their willingness to provide "competitive" cement prices.

As a company we do not see the merger of Lafarge and Tarmac as a negative move; it is all about building a sustainable industry for the future, for customers, the country and the investors/shareholders. Independent companies have been looking for alternative competitive suppliers for a number of years. However, there has been a real unwillingness in the cement industry to offer competitive prices to new business.

Why has it taken a CC investigation to get the cement industry to change its stance and start competing for new business? Why has Quinn and A.I. and another cement importer not looked at entering the UK market before now?

There has also been interest from Irish cement suppliers in entering the UK market, however whether this actually happens, is another thing.