

AGGREGATES, CEMENT AND READY-MIX CONCRETE MARKET INVESTIGATION

Notice of addendum to provisional findings made under Rule 10.3 of the Competition Commission Rules of Procedure

1. On 18 January 2012, pursuant to section 131 of the Enterprise Act 2002 (the Act), the Office of Fair Trading referred to the Competition Commission (CC) for investigation and report the supply or acquisition of aggregates, cement and ready-mix concrete (RMX) in Great Britain (GB).

Provisional findings

2. On 21 May 2013, the CC Inquiry Group (the Group) appointed to consider this reference provisionally found that there are features of the GB cement markets that, either alone or in combination, prevent, restrict or distort competition such that there are adverse effects on competition (AECs).
3. The Group provisionally identified structural and conduct features that combine together to give rise to an overarching feature in the GB cement markets, namely coordination among Cemex, Hanson and Lafarge, leading to an AEC in those markets (the coordination AEC). The Group also provisionally found that one Major's exclusive agreements with the GB steel producers for the production of granulated blast furnace slag (GBS), and another Major's exclusive long-term contract with the GBS-producing Major for the purchase of GBS to produce ground granulated blast furnace slag (GGBS—which can be used as a partial substitute for cement), in combination with both these Majors' participation in the GB cement markets, were further features that gave rise to an AEC in the GB cement markets (the GGBS-related AEC).
4. Following publication of the CC's provisional findings report, further investigation was carried out on the supply of GBS and GGBS in GB. The evidence the Group has reviewed leads it to augment its provisional findings specifically to identify an AEC in the GGBS market and therefore the Group provisionally finds that there are features of the GB cement markets that combine to give rise to an AEC in the market for the supply of GGBS in GB (the AEC in the GGBS market).
5. The features provisionally identified as giving rise to the AEC in the GGBS market and the Group's reasons are set out in full in the addendum to its provisional findings report (see Note (i) below). Given that the features that give rise to the GGBS-related AEC in the GB cement markets are identical to those that give rise to the AEC in the GGBS market in GB, the Group has provisionally decided that the remedy options set out in the Notice of Possible Remedies (the Remedies Notice) published on 21 May 2013 were appropriate and that no addendum is required to the Remedies Notice.

The next steps

6. The Group now invites interested parties to submit reasons in writing as to why the addendum to the provisional findings report should not become final (or, as the case may be, should be varied).

7. These reasons should be received by the Inquiry Manager no later than 29 October 2013.
8. The Group will have regard to any such reasons in making its final decisions on the statutory questions and actions.

(signed) PROF MARTIN CAVE OBE
Group Chairman
8 October 2013

Notes:

- (i) A copy of this notice and the addendum to the provisional findings report will be placed on the CC website on 8 October 2013. The published version of the addendum to the provisional findings report does not contain any information which the Group considers should be excluded from the report, having regard to the three considerations set out in section 244 of the Act.
- (ii) In the provisional findings report and the addendum to the provisional findings report, we use the term 'Majors' to refer to the five largest heavy building materials producers in GB.
- (iii) Comments should be made in writing to:

Inquiry Manager
Aggregates market inquiry
Competition Commission
Victoria House
Southampton Row
London
WC1B 4 AD

or by email to aggregates@cc.gsi.gov.uk