

Inquiry Manager
Aggregates Market Investigation
Competition Commission,
Victoria House,
Southampton Row,
London,
WC1B 4AD

12th June 2013

Dear Sirs,

I am writing in response to the provisional findings and notice of possible remedies to your investigation into the supply of aggregates, cement and ready-mixed concrete in Great Britain.

[X] is an independent producer of ready-mixed concrete that supplies [X] from our plant at [X]. We purchase both Portland Cement (CEM1) and Ground Granulated Blast Furnace Slag (GGBS).

I would like to share our experience of how recent new entrants into both the cement and GGBS markets appear to have increased competition and reduced the prices at which we purchase materials.

CEM1

We have sourced CEM1 from [X] who import [X] cement during 2012/13 at £[X] per tonne. In September 2012 reps from both [X] and [X] came cold calling looking for business which is unusual and we had no contact with either company for some years. The rates offered were;

[X] £[X] per tonne

[X] £[X] per tonne

The rate offered by [X] is very unusual, since our operations began in [X] have never been anywhere near the best rates we could obtain, they have always been about £5.00 per tonne more than other sources.

In March 2013 [X] quoted £[X]. Our concern is that the rep commented that this rate is firm until 31st March 2014 when the “annual increase is applied for the industry”, he provided no justification for this increase.

In May 2013 following negotiations with [X] their rate for cement was reduced to £[X].

GGBS

Hanson has held a monopoly for the supply of GGBS in our area since they brought Civil and Marine.

In 2012 the rate for GGBS from Hanson at [redacted] miles away from our plant was £[redacted] ex works. We could arrange our own haulage for £[redacted] per tonne giving a total of £[redacted]. The delivered rate quoted by Hanson was in excess of this total.

In May 2012 [redacted] offered a Spanish GGBS at £[redacted] per tonne delivered. We changed suppliers to [redacted] but this was short lived because of their inability to provide the necessary technical certification. In June 2012 we negotiated with [redacted] for the supply of German GGBS at a rate of £[redacted] per tonne delivered. In August 2012 a Hanson rep made contact having realised that we had not ordered GGBS from them for some months. The rep was not surprised that we had changed suppliers. He commented that their rate reflected Hanson's position in the market as the sole supplier of GGBS at that time and that as the market situation had now changed they would offer a lower rate. He verbally offered a quote of £[redacted] ex works subject to approval by his manager. In October 2012 Hanson came back with a delivered price of £[redacted] per tonne fixed until the end of 2013 but would not provide a written quote until we placed an order.

The reduction in the prices of both CEM1 and GGBS when new suppliers have entered the market shows that these markets have not been operating correctly resulting in higher prices and I would encourage The Competition Commission to take action to further improve competition in these markets.

Yours faithfully,

[redacted]