



## Breedon Aggregates Limited/Aggregates Industries UK (the "Parties")

### Merger Inquiry

### Response to Provisional Findings Report

#### 1. INTRODUCTION

- 1.1 Breedon Aggregates Limited ("**Breedon**") notes the Provisional Findings Report ("**PFR**") of the Competition Commission ("**CC**") in the investigation into Breedon's acquisition of certain Scottish assets of Aggregate Industries UK Limited ("**AI**", the "**Transaction**").
- 1.2 Breedon welcomes the CC's findings with respect to the impact of the transaction on the market for aggregates, and its conclusions as to the appropriate scope of the product market definition. However, as is acknowledged by the CC in the PFR<sup>1</sup>, Breedon submits that the CC materially underestimates the size of the aggregates market in each of the relevant local areas, and in particular, the extent of the competitive constraint imposed by aggregates (both virgin and recycled) that are not captured by the data collated by BDS. Although this does not alter the CC's findings that the transaction does not give rise to a substantial lessening of competition ("**SLC**") in the supply of aggregates in the local areas<sup>2</sup>, Breedon notes that the CC's methodology does result in the shares of production of the Parties being overstated.
- 1.3 As regards RMX, Breedon welcomes the CC's findings with respect to the appropriate market definition. While Breedon is not convinced that the concern in relation to the RMX market around Peterhead is as serious as that identified by the CC, Breedon will discuss proposals for a divestment in this market with the CC.
- 1.4 However, in relation to asphalt, Breedon has serious concerns about the way in which the CC has analysed the competitive landscape in the local areas pre- and post-merger, in particular in discussing the competitive constraint exercised by existing producers in this market, to conclude that certain local areas may experience an SLC. This is discussed in greater detail below.

#### 2. ASPHALT MARKET ANALYSIS

##### A. Appropriateness of the filters used by the CC – inconsistency with earlier approaches

- 2.1 By way of background, Breedon notes that in the CC's analysis, the methodology used to identify "problem areas" differs from that used in previous cases, most notably *Anglo/Lafarge*. At paragraphs 6.46-6.47 of the PFR, the CC explains that the two-fold filter is based, first, on an analysis of the geographic overlaps, and second, on a filter which considers both fascia counts *and* shares of production.
- 2.2 By way of contrast, at paragraph 6.34 of the Final Report of *Anglo/Lafarge*, the CC explains that the approach to the construction of filters and the identification of possible problem areas was not based on market share thresholds. Although such shares (in the form of production shares) were considered in the more detailed assessment *after* the "problem areas" had been identified, in the context of asphalt, the CC applied a filter based on fascia counts and not on shares of production. Moreover, the filters applied in the current case are significantly more conservative than those applied at the more detailed assessment stage of *Anglo/Lafarge*.

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<sup>1</sup> PFR at 6.95.

<sup>2</sup> Findings with which Breedon agrees.



- 2.3 More specifically, in the context of asphalt in *Anglo/Lafarge*, the CC applied a filter that identified as "problem areas" those areas where there was a total fascia reduction of<sup>3</sup>:
- 2.3.1 2 to 1;
- 2.3.2 3 to 2; and
- 2.3.3 4 to 3, only where the fourth competitor's (i.e. the smallest competitor's) share by production volume was lower than 5%<sup>4</sup>.
- 2.4 Following the application of this filter, the CC then examined any identified "problem areas" in detail, but elected not to pursue possible problem areas with combined shares of production of less than 33%<sup>5</sup>.
- 2.5 By contrast, in the assessment of the current transaction, the CC has used unjustifiably conservative thresholds of 25% and 33% shares and five to four and four to three fascia count reductions<sup>6</sup>. As such, not only does the approach in the current transaction rely on more conservative thresholds than in *Anglo/Lafarge* for both fascia counts and market shares, the construction of a filter based on *both* fascia counts *and* market shares leads to an unjustifiably cautious approach.
- 2.6 Breedon notes that had the CC adhered to the *Anglo/Lafarge* methodology in the present case, the CC's findings of an SLC in asphalt would be different. In particular, as discussed in more detail below, in the local areas defined around Tom's Forest and Craigenlow, the merger results in a fascia reduction from 4 to 3 where both third party rivals account for at least 25% of the share in the area *and* the parties' combined share is below 33%<sup>7</sup>. Consistent with the CC's approach in *Anglo/Lafarge*, these results confirm that Breedon will remain effectively constrained post-merger. A similar outcome is observed if the fascia count filter is applied to the market for asphalt in Inverness.
- 2.7 The CC has not provided any reasoning to explain why it has departed from this methodology. In addition to the approach here being substantially more conservative, the CC's approach in the PFR is at odds with practical experience in the market as it results in the identification of areas as "problematic" where, in fact, Breedon is subject to strong competitive constraints post-merger.
- 2.8 Breedon acknowledges that the CC is not bound by findings in previous merger investigations. However, given that both the *Anglo/Lafarge* inquiry and the *Breedon/Al* inquiry considered the asphalt market in detail in materially the same time period (the CC's *Breedon/Al* inquiry was commenced less than 18 months after publication of the final report in *Anglo/Lafarge*), Breedon submits that the adoption of different, and significantly more cautious, filtering methodologies is not justified, particularly without explanation. The CC has not provided Breedon with *any* relevant differences or reasons as to why the asphalt market in this transaction should be treated differently from *Anglo/Lafarge*. Indeed, despite the CC's approach in *Anglo/Lafarge* being highly relevant to this inquiry, the CC mentions that report only twice in its entire provisional findings<sup>8</sup>.

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<sup>3</sup> The CC's filtering methodology was also based on a price concentration analysis (PCA) to determine the extent to which greater competition from rivals was associated with lower prices in local areas. However, in light of the very limited price effects (if any) identified by the PCA, no asphalt local areas were considered problematic on the basis of this filter.

<sup>4</sup> *Anglo/Lafarge* Final Report at 6.89. By way of contrast, the CC appears to be concerned here by competitors with a share of production of less than 10%, see for example PFR at 6.99.

<sup>5</sup> *Ibid.* at 6.34.

<sup>6</sup> PFR at 6.51.

<sup>7</sup> PFR, Appendix F, Tables 13 and 15; Appendix G, Table 13.

<sup>8</sup> PFR at 2.31 and 6.50.



- 2.9 The only apparent difference between the transactions appears to be in size and scope, implying a different level of scrutiny of smaller transactions than of larger transactions. However, if the CC adopted a different approach because the size of the transaction being reviewed is smaller<sup>9</sup>, at least without any other explanation as to the reason for the different approach, the CC risks breaching the principle of equal treatment<sup>10</sup>. Because the *Anglo/Lafarge* report considers the same product in materially the same time period, the CC's approach should be consistent in order to satisfy this requirement.
- 2.10 Furthermore, the CC's failure to take account of the *Anglo/Lafarge* inquiry, or explain its reasons for a departure from it, is contrary to both case law and the CC's statutory duties<sup>11</sup>. While the CC is undoubtedly entitled to take a different approach from its previous reports, it should only do so on the basis of clear reasons which are clearly articulated.
- 2.11 In Breedon's view, the lack of certainty in this regard is likely to have a chilling effect on any future transactions in the sector as businesses will not be able to predict with any confidence what approach the CC will take.

**B. Unwarranted reliance on tender data supplied by Transport Scotland (the "Tender Data")**

- 2.12 At paragraphs 6.129 (Aberdeen) and 6.178 (Inverness) of the PFR, the CC concludes that because Breedon and AI both bid for contracts put out by Transport Scotland's North East and North West operating companies, Breedon's pre-existing sites actively competed with the acquired asphalt site of AI.
- 2.13 For the avoidance of doubt, Breedon does not assert that pre-transaction, its asphalt operations did not compete at all with those of AI. However, for the reasons set out below, Breedon is concerned by the emphasis placed on the Tender Data by the CC<sup>12</sup> and by the CC's implication that the Tender Data suggests that Breedon and AI were close competitors in this area:
- 2.13.1 First, Breedon notes that the Tender Data reflects the tenders of one single customer (one that is Breedon's customer through BEAR Scotland);
- 2.13.2 Second, the analysis is restricted to a subset of contracts associated with this customer (i.e. only contracts above a certain threshold are put to tender, corresponding to 10% of North East contracts in 2011/12 and less than 1% of North West contracts in 2011/12);
- 2.13.3 Third, there were very few tenders in 2011, 2012 or 2013<sup>13</sup>; and
- 2.13.4 Fourth, these contracts are for contract surfacing services in the North East and North West areas generally, areas that are broader than the radials examined by the CC. In this context, the CC has explicitly noted that it "*has no information on the delivery destinations of asphalt supplied through contract surfacing services,*

<sup>9</sup> In this case in particular, the size of the transaction is an insufficient reason to differentiate the cases as the CC has explicitly noted in its PFR that the market for asphalt is local in nature and so larger transactions should make no difference to its competitive assessment (PFR at 4.45).

<sup>10</sup> While the principle of equal treatment is derived from EU law, the CAT has held that the same principles apply equally to the competition authorities in the UK. The CC is therefore required by law to treat like cases alike and unlike cases differently (*Argos Limited and Littlewoods Limited v the OFT* [2005] CAT 13 at 102.)

<sup>11</sup> See, for example, *UniChem Limited v the OFT* [2005] CAT 8, paragraph 127 (where the CAT considers that the OFT was only entitled to take a different approach from previous decisions where it had considered the relevant factual differences between those investigations) and s38(2) Enterprise Act 2002 (which states that the CC must provide "*reasons for its decisions*" in preparing its report).

<sup>12</sup> PFR, Appendix E at 9.

<sup>13</sup> PFR, Appendix E, footnote 8.



*which represent a significant proportion of sales of asphalt from both Craigenlow and Tom's Forest"*<sup>14</sup>. As regards asphalt in Inverness, it noted that its "estimates do not include deliveries of asphalt supplied through contract surfacing services, which represent a significant proportion of sales of asphalt from both Mid Lairgs and Daviot; neither do they include collected purchases."<sup>15</sup> As such, while asphalt is a key input for contract surfacing services, the Tender Data is unlikely to capture fully the competitive dynamics specific to asphalt in the markets under consideration.

- 2.14 Given that the CC has: (a) considered contract surfacing elsewhere in the PFR<sup>16</sup> and has not identified any SLC in relation to these services; and (b) acknowledged that it does not have any information on how asphalt provided through these services reaches the market, Breedon submits that it is inappropriate for the CC to place so much weight on the results of the Tender Data analysis in assessing the impact of the transaction on the asphalt markets.
- 2.15 Finally, Breedon also notes that, notwithstanding the shortcomings of the Tender Data set out above, while the CC places significant weight on it, it attributes no weight to Breedon's win/loss data for asphalt which suggests that Leiths exerts a stronger constraint than AI in both the North East and the North. Specifically, in the context of Aberdeen, the CC's analysis of Breedon's data demonstrates that approximately [X] of the asphalt losses in the North East were to Leiths and [X] to AI<sup>17</sup>; Breedon's win/loss data also identifies [X] losses to Aberdeenshire Council, which suggests that at the right price, Aberdeenshire Council is willing to supply externally<sup>18</sup>.

### 3. ASPHALT IN ABERDEEN

#### A. Competitive strength of Aberdeenshire Council

- 3.1 In its analysis, and notwithstanding the fact that Breedon's win/loss data demonstrates that it lost some supply opportunities for asphalt to Aberdeenshire Council, the CC appears to have disregarded almost entirely the competitive constraint exercised by Aberdeenshire Council<sup>19</sup>. At paragraph 6.140 of the PFR, the CC states that:

*The evidence we received suggests that Aberdeenshire Council's focus was on meeting its own internal needs and we considered that the competitive constraint it would exert on the other two remaining suppliers of asphalt in the Aberdeen areas following the transaction would be limited.*

- 3.2 Breedon notes, however, that this position does not reflect the reality of the competitive landscape in Aberdeen. It also notes that the CC's reasoning, which relies on Aberdeenshire Council focussing on its own internal needs, is no different from the position of Breedon. At paragraph 6.137(a) of the PFR, the CC asserts that 87% of Aberdeenshire Council's asphalt sales were made for its internal use. This does not differ materially from those of Breedon or AI, which in 2012, were [X]%, [X]% and [X]% for Craigenlow, Stirlinghill and Daviot asphalt respectively, and [X]% and [X]% for Tom's Forest and Mid Lairgs asphalt respectively.
- 3.3 The CC refers to customer/competitor comments during the hearings to support its finding that the impact of Aberdeenshire Council on the market for asphalt is limited. In particular,

<sup>14</sup> PFR, footnote 138.

<sup>15</sup> PFR, footnote 145.

<sup>16</sup> PFR at 6.238-6.249.

<sup>17</sup> See Working Paper "Analysis of tender and customer win and loss data" at 8; results redacted in PFR, Appendix E.

<sup>18</sup> Breedon's response to Question 25(c) of the Market Questionnaire.

<sup>19</sup> PFR at 6.137 lists various factors "noted" by the CC in making its assessment.



at 6.137(b) of the PFR it refers to comments made by Aberdeen City Council, Company A and Leiths to support a conclusion that Aberdeenshire Council does not pursue customers actively and is restricted from doing so by regulations. However, Breedon is not aware of any such regulations (these are not mentioned in the hearing summaries referred to by the CC<sup>20</sup>) and notes again that its asphalt win/loss data identifies [X] losses to Aberdeenshire Council, suggesting that in 2012 it did, in fact, win some supply opportunities for asphalt<sup>21</sup> against Breedon.

- 3.4 Breedon considers Aberdeenshire Council to be a very strong competitor in the region and to exert a real and significant constraint on the asphalt market, both directly and indirectly through the provision of contract surfacing services. Breedon's management team in Scotland has prepared a document (attached at Annex A) which details why it disagrees with the CC's assessment of the competitive influence exerted by Aberdeenshire Council. In particular, Breedon notes that while Aberdeenshire Council does supply contract surfacing services internally, it does so following a formal tender process. This means that the ex-works price of the winning bidder (whether it be Aberdeenshire Council or not) for the materials involved in the services (primarily asphalt) must be competitive. Breedon has also included details of asphalt supply opportunities in the private sector that were won by Aberdeenshire Council against Breedon (for example, [X]). Whilst Breedon acknowledges that Aberdeenshire Council's commercial approach does differ somewhat given its status as a public body, it has the ability to supply customers and represents an attractive option for them, particularly for small and mid-sized customers because of more generous credit terms.
- 3.5 This is consistent with the results of the CC's customer survey, where it states that customers mentioned Aberdeenshire Council as a supplier<sup>22</sup>. Indeed, at Appendix I of the PFR, the CC states:

*Of the eight respondents asked about their purchases of asphalt from Tom's Forest, all respondents named at least one diversion site. There were mentions of Breedon...but there were no mentions of [AI] sites. Third parties mentioned were Leiths...and Aberdeenshire Council's Balmedie, Craiglans and Pitacaple sites each received one mention. (Emphasis added.)<sup>23</sup>*

*Of the six respondents asked about their purchases of asphalt from Craigenlow, all respondents named at least one diversion site. There were mentions of Breedon sites... and [AI] sites... Third parties mentioned were Aberdeenshire Council... and Leiths. (Emphasis added. Breedon notes that in this context, Aberdeenshire Council was mentioned by customers the same number of times as Leiths.)<sup>24</sup>*

- 3.6 More generally in relation to the survey results, the CC asserts that customers expressed concerns about the effect of the transaction<sup>25</sup>. Of the 15 responses for Aberdeen asphalt, 12 were categorised by the CC as "adverse"<sup>26</sup>. However, of these 12, only two are unique to asphalt in Aberdeen<sup>27</sup>, and of the remaining 10, only one appears even to relate to

<sup>20</sup> Summary of a hearing with Aberdeen City Council at 8-9; Summary of a hearing with Company A at 8; and Summary of a hearing with Leiths at 11; all referred to by the CC in PFR, footnote 139.

<sup>21</sup> Breedon also notes that the hearing summaries referred to discuss, variously, aggregates, RMX, asphalt and contract surfacing. In some circumstances, it is not at all clear to Breedon that the comments relied on by the CC even relate to asphalt, let alone support the conclusion that Aberdeenshire Council is restricted from pursuing customers actively by regulations (see, for example, Summary of a hearing with Aberdeen City Council at 8, Summary of a hearing with Company A at 8 and Summary of a hearing with Leiths at 11.

<sup>22</sup> PFR at 6.137(g).

<sup>23</sup> PFR, Appendix I at 59.

<sup>24</sup> PFR, Appendix I at 62.

<sup>25</sup> PFR at 6.135.

<sup>26</sup> PFR, Appendix I at Tables 31, 33 and 34.

<sup>27</sup> Comment 6 of PFR, Appendix I, Table 31 and Comment 4 of PFR, Appendix I, Table 33.



asphalt at all<sup>28</sup> (this comments suggests that the commentator believes that the transaction will have "*not a huge impact*"). Moreover, far from expressing concern, one commentator which the CC has categorised as 'neutral' anticipates that the Transaction will have a "*very small impact*" in relation to asphalt<sup>29</sup>. Many of the remaining comments are very general in nature and also appear in tables that concern either or both of aggregates and RMX. Some of the comments explicitly refer to RMX<sup>30</sup> and Breedon questions why these have been classed as "adverse" reactions to the merger in relation to Aberdeen asphalt. For ease of reference, Breedon has set out at Annex B a table detailing the "adverse" comments and where these comments appear, word-for-word, in relation to other product areas.

- 3.7 Finally, Breedon notes that the CC has acknowledged that the share of production for Aberdeenshire Council is significant, and in the region of 25-33%<sup>31</sup>. Although this precise figure is redacted, it is broadly in line with the [X]% share of production identified by the OFT when considering a 30 mile radial. It is clear, therefore, that Aberdeenshire Council enjoys a significant share of the market within the relevant local area.
- 3.8 For the reasons set out above, it is unclear why the CC has characterised the competitive impact of Aberdeenshire Council on the market as limited in nature, particularly as it explicitly acknowledges that both Leiths and Aberdeenshire Council have spare capacity and would "*both be able to increase production in response to a price rise by Breedon*" (emphasis added)<sup>32</sup>. It is Breedon's experience that customers view Aberdeenshire Council as a viable alternative for the supply of asphalt and that it exerts a real and significant impact on competition in the area.

#### B. Application of Filters Used in Previous Merger Cases

- 3.9 As set out at paragraphs 2.1 to 2.11 above, the CC has not provided any justification for its departure from the approach adopted in *Anglo/Lafarge*, where the CC examined a transaction that analysed the market for asphalt in detail.
- 3.10 Breedon notes that, had the CC adopted the *Anglo/Lafarge* approach in this case, asphalt in Aberdeen would not even be identified as a "problem area". This is because it is clear that the fascia reduction involved is 4 to 3, with the remaining parties being Leiths (with a share of production of 33-50%) and Aberdeenshire Council (with a share of production of 25-33%)<sup>33</sup>, both of which have market shares well in excess of 5%. Here, based on Breedon's analysis of BDS data for third players and actuals data for the Parties, the fourth player in this case (AI) has a share of production of around [X]%.
- 3.11 Even if the CC were to consider the local area to warrant a more detailed analysis, it would not give rise to any concerns. At paragraph 6.34 of the *Anglo/Lafarge* Final Report, the CC explained that in its more detailed local assessment, it "*decided not to pursue possible problem areas with combined shares of production...of less than 33 per cent*"<sup>34</sup>.
- 3.12 Again, although the precise shares of production have been redacted from the PFR, it is clear from Appendix F, Table 21, that the Parties combined share of production post-

<sup>28</sup> Comment 3 of PFR, Appendix I, Table 33.

<sup>29</sup> Comment 5 of PFR, Appendix I, Table 33.

<sup>30</sup> See, for example, Comment 4 of PFR, Appendix I, Table 31 which states "*There is an effect on the ready mix side, in the ability to supply.*"

<sup>31</sup> PFR, Appendix G at Table 13.

<sup>32</sup> PFR at 6.134.

<sup>33</sup> Shares of production based on a 17, 25 or 35 mile radial based around Craigenlow and Tom's Forest (PFR, Appendix G at Table 13). The shares of production differ if the radial is based on Stirlinghill where overlap between the Parties arises only at 35 miles.

<sup>34</sup> This approach is set out in the context of aggregates, but as explained by the CC at paragraph 6.84 of that report, the CC explained that, for asphalt, the competitive assessment methodology is the same.



merger when centred on either Tom's Forest or Craigenlow does not exceed 33% (on any of a 17, 25 or 35 mile radial). Indeed, it is only when the radial is centred on Stirlinghill and only when considered on a 35 mile basis that the Parties combined share of production exceeds 33% (PFR Appendix F, Table 22 indicates that this share is in the range of 33-50%).

- 3.13 The CC states that it considers Stirlinghill relevant to the assessment of the transaction because, *"there appeared to be a degree of overlap with the deliveries made from Tom's Forest in the direction of Peterhead"*<sup>35</sup>. Breedon notes that it is unable to comment on the degree of overlap as the relevant figure is redacted for confidentiality. It does note, however, that the CC accepts that there are significant restrictions on the reliability of the data:
- 3.13.1 The CC notes that it did not have sufficient data to examine the delivery locations fully. As a result, it states that *"although the data shows an overlap between the delivery locations of the two plants, the extent of the overlap is difficult to judge"*<sup>36</sup>; and
- 3.13.2 The CC notes that the delivery data for Stirlinghill *"needs to be used with caution for the same reason"*<sup>37</sup>.
- 3.14 Breedon is unable to comment on the degree of this overlap as the information (incomplete as it may be) that would enable it to do so has been redacted. However, it notes that Breedon's Stirlinghill plant tends to serve the Peterhead area, whereas to its knowledge, the Tom's Forest plant does not serve this market to a significant extent. Further, there is no overlap at all between the parties' sites on the basis of the 17- and 25-mile radials defined by the CC.
- 3.15 It is not clear to Breedon, therefore, that the local area analysis which applies a 35 mile radial on Stirlinghill is justified at all, let alone whether it is so significant as to form the basis of a finding of SLC requiring a structural remedy in the form of divestment.
- 3.16 Finally, and notwithstanding Breedon's concerns about the inclusion of a detailed local area assessment centred on Stirlinghill, Breedon notes that the Parties' combined share of production for this local area is within the relatively imprecise range 33-50%<sup>38</sup>. If it transpires that the precise combined share of production is less than 40%, the CC should give due consideration to its Merger Assessment Guidelines, which state that *"previous OFT decisions in mergers in markets where products are undifferentiated suggest that combined market shares of less than 40 per cent will not often give the OFT cause for concern over unilateral effects"*<sup>39</sup>. As the CC has noted, asphalt is produced to standards and specifications and is largely, therefore, undifferentiated<sup>40</sup>.

#### C. Insufficient consideration given to new entry/expansion

- 3.17 The PFR focuses on the extent of existing competition in the Aberdeen region. At paragraph 6.218 of the PFR, the CC states that it *"provisionally found that the only plans for entry or expansion were by [redacted]". However, for the reasons set out in paragraph 6.210, we did not consider that such expansion would mitigate the concerns we had identified in relation to asphalt in the Aberdeen area.* Paragraph 6.210 is almost entirely redacted and, as such, Breedon cannot comment meaningfully on the CC's reasoning in this regard.

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<sup>35</sup> PFR at 6.128.

<sup>36</sup> *Ibid.*

<sup>37</sup> *Ibid.*

<sup>38</sup> PFR, Appendix F at Table 22.

<sup>39</sup> Merger Assessment Guidelines, CC2 (Revised) and OFT1254, September 2010 at 5.3.5.

<sup>40</sup> PFR at 2.4.1; PFR Appendix C at 50.



- 3.18 Notwithstanding this, Breedon notes that the CC appears to have identified at least one confidential player with plans to enter or expand into the relevant market. In addition to this, Breedon notes that it provided the CC with public information regarding expansion plans by Leiths in relation to installing an asphalt plant in its North Lasts quarry<sup>41</sup>. In light of this information, it is not clear to Breedon why the CC has chosen to focus only on *de novo* entry in paragraph 6.209 of the PFR, thereby omitting any reference to Leiths. Although heavily redacted, the paragraph suggests that there has been no expansion in the region since Leiths opened an asphalt plant at its Lochills quarry in 2009.
- 3.19 However, in addition to the Lochills expansion, Leiths is in the process of building a new asphalt plant at its North Lasts quarry and, Breedon believes, is about to order a new, larger, asphalt plant to supplement its existing plant in its Blackhills (or Cove) quarry<sup>42</sup>. Breedon anticipates that after the AWPR has been completed, it will then decommission the older plant. Leiths is clearly anticipating further increases in demand and this expansion will give it significant additional capacity in the market. Ultimately, Leiths, already the largest player in the market, will have the greatest number of asphalt units in the local area.
- 3.20 Furthermore, Breedon understands that all of the consortia that are involved in bidding for the AWPR are considering the installation of on-site asphalt and RMX plants, as well as on-site crushing of aggregates, which may be sub-contracted to the market. These on-site plants are likely to supplement the supplies obtained from local sources. Additionally, Breedon's staff based at Craigenlow have noted that Geddes (located to the south of Aberdeen) has been more active recently in the Aberdeen area, supplying contracts from its asphalt plant at Inverkeilor located further south in the Montrose area.
- 3.21 The CC appears to have ignored the statements of Breedon and numerous other parties which refer to new entry that is likely to result from the AWPR project. For example, in the context of asphalt surfacing services, the Hearing summary of Aberdeen City Council noted that "*due to the Aberdeen bypass, it speculated that a major outside party might look at the possibility of opening up quarries around the route and if this were the case, someone might be able to take them over afterwards once the set-up costs had been borne*"<sup>43</sup>. Additionally, the Hearing summary of Company A referred to the possibility of mobile plants being used for the upcoming construction of the Aberdeen ring road<sup>44</sup>. Similarly, the CC states in the PFR that both Lafarge Tarmac<sup>45</sup> and RJ McLeod<sup>46</sup> reported that they would be able to install mobile plants should suitable projects arise.
- 3.22 As Breedon has explained previously<sup>47</sup>, it fully expects entry or expansion into the market in response to the AWPR project, which as the CC notes, is expected to start in 2015<sup>48</sup>. This may be in the form of expansion by existing players (such as Leiths), the use of mobile asphalt plants by existing or new players, or, as speculated by Aberdeen City Council, the entry of a new quarry operator to take advantage of the increased demand. Under any of these scenarios, it is clear and foreseeable that the demand landscape for asphalt in the Aberdeen area will change materially in the short to medium term as a result

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<sup>41</sup> Paragraph 19.1 of Breedon's response to the Market Questionnaire; see also Breedon's email to the CC of 23 January 2014 at 19:38.

<sup>42</sup> Breedon's believe is based on market intelligence from two independent manufacturers of asphalt plants. *Summary of a hearing with Aberdeen City Council* at 19.

<sup>43</sup> *Summary of a hearing with Company A* at 14.

<sup>44</sup> PFR at 4.33.

<sup>45</sup> PFR at 4.36.

<sup>46</sup> See, for example, Breedon's Response to the Statement of Issues dated 5 November 2013 at 1.4.3 and 5.37.

<sup>47</sup> PFR at 2.49(a).





of the AWPR project. Breedon submits that this change should not be ignored or merely acknowledged by the CC<sup>49</sup>, but that it should be factored into the CC's analysis.

- 3.23 Indeed, there are clear and recent examples of increases in demand resulting in new entry. As has been explained previously<sup>50</sup> and as is set out in the PFR<sup>51</sup>, the resurfacing of the main runway and taxiway at Inverness Airport was won by Colas, a supplier entering the market utilising a mobile plant from France. Similarly, in the context of RMX, Breedon notes that some of the major contracts set out at 2.48(d) and (e) generated entry via mobile plants, including from England and overseas.

D. Price Difference between Grampian and Tayside Regions is not a result of Dampened Competition

- 3.24 Finally, Breedon notes that at paragraph 6.139 of the PFR, the CC refers to pricing competition being more subdued in the Aberdeen area than in other parts of northeast Scotland, referring to its pricing analysis. However, Breedon considers that there are significant flaws in the CC's approach (including the fact that it did not control for costs<sup>52</sup>), some of which are acknowledged at Appendix H of the PFR where it states that "*[s]ince actual prices, and hence the observed average prices, are likely to be influenced by a number of factors such as the individually negotiated prices, differences in customer base, product mix, costs and demand factors, we interpret these results with caution*"<sup>53</sup>.
- 3.25 The CC's analysis focuses on comparisons of average prices across regions, but, as set out in Breedon's response to the Annotated Issues Statement<sup>54</sup>, these comparisons do not capture the competitive dynamics in the relevant local areas. As regards the limitations identified by the CC, Breedon prepared a graph illustrating the weaknesses of such an approach, noting that the analysis of average prices does not capture the substantial amount of overlap in prices across regions and that it would therefore be inappropriate to conclude that asphalt prices are meaningfully lower in Tayside & Fife than in the Grampian region purely on the basis of average prices. Indeed, the very wide range of prices indicates the failure by the CC's analysis to control for other important influences on price. Figure 1 below reports the observed dispersion in actual asphalt prices in Breedon's Transaction Data<sup>55</sup>:

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<sup>49</sup> PFR at 6.91.

<sup>50</sup> See, for example, Breedon's Response to the Statement of Issues dated 5 November 2013 at 5.37.

<sup>51</sup> PFR at 2.48(a).

<sup>52</sup> LPA Working Paper, footnote 6.

<sup>53</sup> PFR, Appendix H at 1.

<sup>54</sup> Breedon's Response to the Statement of Issues dated 5 November 2013 at 6.

<sup>55</sup> Submitted to the CC on 24 October 2013.



**Figure 1**

[REDACTED]

Source: Breedon transaction data.

- 3.26 Finally, Breedon notes that the wider economic environments of Aberdeenshire and Tayside are very different, with Tayside suffering tough economic conditions in recent years and Aberdeen being relatively insulated from the economic slowdown due to its position within the oil and gas industry. This appears to have been recognised by the CC<sup>56</sup> and by various third parties<sup>57</sup>, but not meaningfully factored into the CC's analysis.
- 3.27 As a result of these considerations, Breedon does not consider it appropriate for the CC to extrapolate from a flawed comparison of average prices to find that competition in the Aberdeen area for asphalt is unduly subdued.

Conclusion

- 3.28 For the reasons set out above, Breedon does not consider that the Transaction gives rise to an SLC in the Aberdeen area in relation to asphalt. In short, the CC's provisional finding of an SLC in asphalt in Aberdeen is not supported by its own previous approaches, nor by the facts in this particular market.

**4. ASPHALT IN INVERNESS/HIGHLANDS**

A. The merged entity will remain subject to strong competition

- 4.1 As set out in Breedon's Response to the Statement of Issues<sup>58</sup>, in this local area, there will remain two strong competitors, Leiths and Pat Munro. As the CC is aware, this region is very rural and building materials, including asphalt, typically travel further than in urban areas<sup>59</sup>.
- 4.2 The market is small and well-endowed with asphalt plants to service the demand. Breedon notes that this is reflected in the customer comments collated through the CC's survey<sup>60</sup>. Indeed, Breedon notes that of the nine respondents to the survey of customers of Daviot and Mid Lairgs, only one was adverse, alleging that "[p]rices have gone up ridiculously, compared to English prices"<sup>61</sup>, which does not appear to be a comment specific to the Transaction. [REDACTED]<sup>62</sup>. The remaining customers submitted neutral or positive comments. Notably, one customer commented that, in his view, the transaction was "[i]n all probability better because we didn't think Aggregate Industries were up to much recently"<sup>63</sup>.
- 4.3 In Breedon's view, the CC overstates the competitive constraint exercised by AI in this local area where it describes AI as one of three "major competitors"<sup>64</sup>. AI was one of four competitors in the area pre-Transaction, and as evidenced by the customer comments, was exercising a decreasing constraint on the market. In any event, Breedon notes that when commenting on the impact of the transaction, one customer stated that in their view, the Transaction did not materially impact the market because "the other two companies will keep [Breedon] in check. I don't anticipate an impact on prices"<sup>65</sup>. One of these

<sup>56</sup> PFR 2.50(a) and (b).

<sup>57</sup> Summary of a hearing with Company A at 4.

<sup>58</sup> Submitted 5 November 2013 at 5.34.

<sup>59</sup> PFR at 6.165.

<sup>60</sup> PFR, Appendix I.

<sup>61</sup> PFR, Appendix I, Table 37, comment 1.

<sup>62</sup> [REDACTED]

<sup>63</sup> PFR, Appendix I, Table 35, comment 5.

<sup>64</sup> PFR at 6.189.

<sup>65</sup> PFR, Appendix I, Table 35, comment 1.



companies, Pat Munro, is described by the CC as being the "*largest supplier of asphalt in the area*"<sup>66</sup>. However, the CC appears to have wrongly discounted Pat Munro as an effective competitor in the area south of its Caplich site<sup>67</sup>. This assertion is not supported by the facts, and Breedon notes that Pat Munro was successful in securing at least three major road re-construction projects in Moy, Allangrange and Bogbain – all of which are south of Caplich<sup>68</sup>. Indeed, Pat Munro itself perceives itself as operating "throughout the Highlands"<sup>69</sup>.

#### B. Application of filters used in previous merger cases

- 4.4 As set out at paragraphs 2.1 to 2.11 above, the CC has not provided any justification for its departure from the approach adopted in *Anglo/Lafarge*, where the CC examined a transaction that analysed the market for asphalt in detail.
- 4.5 Breedon notes that, had the CC adopted the *Anglo/Lafarge* approach in this case, as with asphalt in Aberdeen, asphalt in Inverness would not even be identified as a "problem area". This is because it is clear that the fascia reduction involved on either a 25- or 35-mile radial<sup>70</sup> is 4 to 3, with the remaining parties being Leiths and Pat Munro<sup>71</sup>, both of which have market shares well in excess of 5%. As such, Breedon notes that had the CC applied the *Anglo Lafarge* approach to the current transaction, this area would not have been identified as problematic and the CC would have accepted that Breedon will remain effectively constrained post-merger.

#### C. Insufficient consideration given to new entry/expansion

- 4.6 As set out in the context of asphalt in the Aberdeen area, in considering the Inverness market, the CC has again focussed on the extent of existing competition in the region, and appears to discount the evidence provided by Breedon to the effect that both of the remaining competitors are in the process of planning expansions in the area<sup>72</sup>. In particular, the CC appears to have disregarded Leiths' proposal to install a plant at its Mid Lairgs quarry notwithstanding its receipt of planning consent; Breedon considers it probable that Leiths will implement this consent as soon as it has successfully stopped Breedon or AI from operating at the site.
- 4.7 In this context, Breedon has been advised that Leiths (via Alexander Ross) have imposed a significant price increase on aggregates to the Mid Lairgs asphalt plant. This will inevitably weaken the site's ability to compete effectively and, should prices increase further, may render the operation of the site commercially unviable.
- 4.8 Finally, the CC appears to have discounted the competitive constraint imposed by entry by mobile plants in the region, notwithstanding the clear impact of Colas' entry to undertake the work at Inverness Airport. The region is remote, and as such, it lends itself to large projects where mobile asphalt plants are appropriate. Breedon anticipates that, if only for large projects, it will continue to face competition from these operators going forward. As regards small projects, Breedon notes that customers are not concerned by the impact of the Transaction<sup>73</sup>.

#### Conclusion

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<sup>66</sup> PFR at 6.184.

<sup>67</sup> PFR at 6.188.

<sup>68</sup> See [http://www.patmunro.co.uk/serv\\_9.htm](http://www.patmunro.co.uk/serv_9.htm), section titled "results". Moy is south of both Daviot and Mid Lairgs, Allangrange is just north-west of Inverness, and Bogbain is south of Inverness near Daviot.

<sup>69</sup> See [http://www.patmunro.co.uk/serv\\_10.htm](http://www.patmunro.co.uk/serv_10.htm), section entitled "results".

<sup>70</sup> Given the rural nature of the area, Breedon submits that the 17-mile radial is inappropriate.

<sup>71</sup> PFR, Appendix F, tables 14 and 15.

<sup>72</sup> PFR at 6.222.

<sup>73</sup> PFR, Appendix I, Tables 35 and 37.



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- 4.9 For the reasons set out above, Breedon does not consider that the Transaction gives rise to an SLC in the Inverness area in relation to asphalt. As with the CC's conclusions regarding asphalt in Aberdeen, the finding of an SLC in Inverness is not supported by its own previous approaches, nor by the facts in this particular market.

**Herbert Smith Freehills LLP**

**20 February 2014**



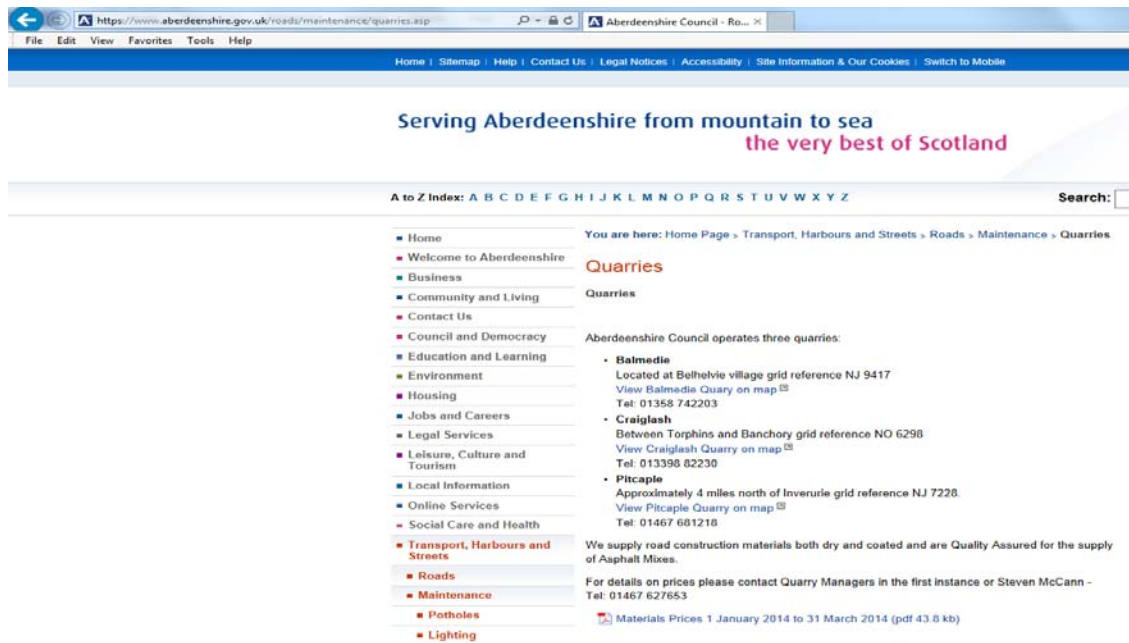
## Annex A

### Competition Commission - Comments on the findings regarding Aberdeenshire Council Overview

Below are the views of the Breedon Aggregates Scotland Limited ("**BASL**") management team on the activity of Aberdeenshire Council in the asphalt supply market place.

It is the general opinion that Aberdeenshire Council should not be discounted as a significant influencing competitor in the Aberdeen markets.

Aberdeenshire Council runs 3 asphalt plants in the region:



Its website at <https://www.aberdeenshire.gov.uk/roads/maintenance/quarries.asp> lists contact details for each site. Pricing enquiries are requested to the quarry managers or Steven McCann, the operations manager for the quarries. [✂]



Balmedie Quarry  
By MeowMixed

Aberdeenshire Council's Balmedie Asphalt Plant



Aberdeenshire Council's Pitcaple Asphalt Plant



Aberdeenshire Council's Craiglash Asphalt Plant

### **Activity in the Market – Direct Supply**

#### Commercial Approach

Breedon acknowledges that Aberdeenshire Council has a slightly different approach to securing work than the companies in the private sector. For example, it does not actively send out commercial minded employees to chase customers. However, in practice, the vast majority of customers will seek multiple prices in their standard approaches to sourcing materials (this has been acknowledged by the CC). Aberdeenshire Council, BASL believes, are approached as a matter of course by all major buyers in the area.

#### Ability to supply

The asphalt plants owned and run by Aberdeenshire council are not significantly different in terms of capacity to the plants owned by BASL at Craigenlow and Tom's Forest.

#### An attraction to small and mid-size companies – an example

BASL believes that the council offers a more relaxed view on credit worthiness which makes it attractive to small and mid-sized contractors.

For example, until 2011, BASL traded with a local contract surfacing business, [X]. In the three years to 2011, BASL's turnover with the company was averaging £[X] per annum, largely for asphalt products.



The company entered administration in March 2011, having been placed "on stop" by Breedon. BASL understands that [REDACTED] were sourcing materials as a matter of course from Aberdeenshire Council as well as from Breedon.

The below extract from the creditors report for [REDACTED] highlights a high level of trade [REDACTED] with the council which BASL believes includes trade with the council quarries.

[REDACTED]

### **Pricing Levels**

#### Price Lists

Aberdeenshire Council freely advertises its services on line with published price lists. Its price lists are updated regularly. The current prices shown on its website are applicable for the 3 month period of 1/1/14 to 31/3/14 and are available here:

[https://www.aberdeenshire.gov.uk/roads/maintenance/material\\_prices\\_2014\\_4th\\_quarter\\_1st\\_january\\_to\\_31st\\_march\\_2014\\_external\\_customers.pdf](https://www.aberdeenshire.gov.uk/roads/maintenance/material_prices_2014_4th_quarter_1st_january_to_31st_march_2014_external_customers.pdf)

There is no significant variance in the type of products available and produced by Aberdeenshire Council compared with the other competitors in the market place. Products are produced to a general standard and there is not considered to be any qualitative advantage to be gained or lost by switching suppliers

### **Evidence of competition - Direct Supply**

#### Aberdeenshire Council Market Activity

Breedon has collated customer feedback to Breedon about jobs supplied by Aberdeenshire Council in the last 2 years. This highlights that many of Breedon's own key customer base use Aberdeenshire Council for supplies when it offers the best price and as a matter of course for uplifts. BASL estimates that around 20k tonnes of 110ktpa are supplied into the external market, meaning that it must be offering competitive prices.

Over the past 2 years, BASL has become aware of the following customers buying from Aberdeenshire Council. These purchases amount to some 7.25k tonnes. Obviously, BASL does not have detailed sales information for Aberdeenshire Council and as such cannot comment on the full volumes supplied by it or on the breadth of its customer base.

[REDACTED]

### **Evidence of competition – Supply & Lay/Contracting Services**

BASL estimates that Aberdeenshire Council supplies and lays approximately 90k tonnes per annum via its contracting arm. As these surfacing jobs are subject to competitive tender, by securing this volume of work, Aberdeenshire Council is influencing market rates: to secure volume against Aberdeenshire Council on competitive tender, market prices have to be able to compete. This 90k tonnes is available to the market place and, by winning it itself, Aberdeenshire Council is exerting a competitive tension on the market.

BASL has collated several examples of Aberdeenshire Council bidding in the open market for surfacing jobs which are described below.





#### Attachment 1 – Contract Tender Data

1. Tender price submitted to [X]. This contract was ultimately supplied by [X] directly to [X]. Breedon submitted a bid price of £[X]. Attached tender documents highlight [X]. BASL assumes that Breedon's labour, plant and other costs would be similar to Aberdeenshire Council's surfacing division. Using material rates, the Council secured volume into Aberdeen market.
2. Tender submission to [X]. Tender for project with [X] of asphalt representing [X]% of contract value. Contract lost to Aberdeenshire Council.
3. [X]– Letter from [X]advising that Breedon had been unsuccessful with contract (secured by [X]).
4. [X] – Letter from [X] advising that Breedon had been successful in tendering for this contract. [X] appendix highlights that [X] submitted a bid for the work. The result suggests that Breedon submitted a competitive tender with competitive material prices to secure the work.
5. [X] - Letter from [X] advising that Breedon had been successful in tendering for this contract. [X] appendix highlights that [X] bid for the work. The result suggests that Breedon submitted a competitive tender with competitive material prices to secure the work.
6. [X]- Letter from [X] advising that Breedon had been successful in tendering for this contract. [X] appendix highlights that [X] bid for the work. The result suggests that Breedon submitted a competitive tender with competitive material prices to secure the work. Note the [X] variance between Breedon's and [X] bid on a [X] contract.
7. [X]- Letter from [X] advising that Breedon had been unsuccessful in bidding for the contract (secured by [X]). [X] appendix highlights that Aberdeenshire Council bid for the work.
8. [X] Notice of an unsuccessful tender from [X]. The contract was won by [X]. *Note that [X] did NOT ask for a price from [X]. BASL notes that [X] comments at its hearing seem to discount [X] as supplier, yet [X] submits tenders for many contracts, including [X]. BASL considers it strange that [X] is not invited to bid for [X] jobs (at Attachment 2, BASL has collated a sample of tender acceptance letters from [X]: for none of these jobs did [X] request a tender from [X]). BASL is unsure of the politics or reasons for this, but would ask that this be taken into consideration in interpreting [X] comments.*
9. [X] – Notice of lost contract (to [X]) which shows that [X] was successful against Breedon in the tender process. Assuming materials are around [X]% of contract value, [X] must have secured this through lower materials prices.
10. [X] – Notice of lost contract (to [X]) which shows [X] was successful against Breedon in the tender process. Assuming materials are around [X]% of contract value, [X] must have secured this through lower materials prices.
11. [X] – Notice of lost contract which shows [X] were again not involved in the [X] tender process.
12. [X] – Notice of lost contract (to [X]). [X] appendix highlights that [X] bid for the work.
13. [X] – Notice of contract secured. [X] appendix highlights that [X] submitted a bid for the work.
14. [X] – Tender submission from Breedon for £[X] with materials showing as [X]% of tender value. The contract was awarded to [X], which purchased the materials from [X].
15. [X] – Contract won by [X] through competitive tender.



***BASL notes on the contracts referred to above***

- A. Competitive tendering - process for work for Aberdeenshire Council
- B. Aberdeen City Council – Tenders
- C. [✂]
- D. [✂]
- E. [✂]

- A. Competitive tendering - process for work for Aberdeenshire Council

The documents referred to above detail a small sample of projects in which **Aberdeenshire Council, Infrastructure Services – Resources** have competitively tendered for works against private sector contractors.

All Invitation to Tender documents are issued directly from **Aberdeenshire Council, Infrastructure Services – Transportation Services** or **Roads and Landscape Services**.

Until Summer 2013, Aberdeenshire Council – Infrastructure Services - Transportation Services or Roads and Landscape Services issued Invitations to Tender on a restricted tender basis. Therefore, it chose selected local contractors using what BASL believes to be the following criteria:

- Constructionline membership;
- Previous tender commercial performance (i.e lowest 3 tenders); and
- Operational performance on secured contracts.

Whilst operating a restricted procurement method, the number of Invitations to tender issued typically ranged from 4 to 9 contractors.

Since Summer 2013, Aberdeenshire Council - Infrastructure Services - Transportation Services or Roads and Landscape Services have issued Invitations to Tender on an unrestricted tender basis, in line with the Scottish Government Public Procurement recommendations. Therefore, any private sector contractor who is registered to Public Contracts Scotland is invited to submit a tender.

Since moving to an open procurement method, the number of bids received range from 3 to 10.

B. Aberdeen City Council Tenders

The documents referred to above identify a small sample of projects in which Aberdeen City Council has issued Invitations to Tender to private sector contractors.

Aberdeen City Council Enterprise, Planning & Infrastructure operate a restricted procurement method, selecting contractors on what BASL believes to be similar criteria to Aberdeenshire Council.

Aberdeen City Council Direct Labour Organisation does not competitively tender its work. Invitations to Tender are issued to private sector contractors, ranging from 4 to 6 contractors. In Breedon's experience, Aberdeenshire Council Infrastructure Services – Roads and Landscape Services have not been invited to tender. BASL does not know the reason for this.

In the 2013/14 Local Authority financial year, BASL has not been invited to tender for any Aberdeen City Council Roads Maintenance projects.

- C. [✂]



This is the first job referred to above. Breedon was invited to tender for [REDACTED].

Breedon has been verbally informed that [REDACTED].

Comparing the Breedon ex-works prices as submitted [REDACTED].

As most asphalt plants in the North East of Scotland are of a similar rating/output, the labour and plant costs amongst all contractors are of a similar level. Breedon typically tenders for works allowing a margin of [REDACTED]%.

Therefore, BASL assumes that [REDACTED].

D. [REDACTED]

This is the second job referred to above. Breedon was invited to tender for [REDACTED].

Breedon was also invited to tender for [REDACTED].

BASL has been verbally informed that [REDACTED].

Comparing the Breedon ex-works tender prices as submitted [REDACTED].

E. [REDACTED]

This is the 14<sup>th</sup> job referred to above. Breedon was invited to tender for [REDACTED].

BASL has been verbally informed that [REDACTED].

Comparing the Breedon ex-works tender prices as submitted [REDACTED].

It must be assumed that [REDACTED].

Interestingly, Breedon's asphalt plant at [REDACTED] is located [REDACTED] miles from [REDACTED], whilst [REDACTED] is situated some [REDACTED] miles away.

Conclusion

Ultimately, a significant proportion of asphalt is supplied via contract surfacing operations and Breedon believes that to be true for all producers of asphalt in the market (including Leiths and Breedon). As the local authority, Aberdeenshire Council controls a significant amount of the contract surfacing contracts in the market place. It also lays asphalt from its quarries all over the network through the Direct Labour Organisation. In order for any private contractor to compete and win surfacing jobs against its own operations, they must submit competitive rates, particularly on materials given how significant an element materials are of any surfacing contract. Therefore, in BASL's view, Aberdeenshire Council categorically exerts a strong competitive influence on asphalt prices.



**Annex B**

**"Adverse" Customer Comments: Aberdeen Asphalt**

Adverse comment	Comment as set out in Aberdeen Asphalt Tables, PFR, Appendix I	Other tables in Appendix I where comment appears
<b>Tom's Forest – Table 31</b>		
1	Comment 1: <i>"The main factors to consider are location and price. Where the jobs are, the local quarry will be the cheapest, in certain areas they will be a monopoly, so we will have to cross Aberdeen to get the products, which increases the prices."</i>	Table 7, Craigenlow aggregates Table 21, Westhill RMX
2	Comment 2: <i>"Limited competition means that prices could increase."</i>	Table 7, Craigenlow aggregates Table 16, Tom's Forest RMX
3	Comment 3: <i>"I would prefer to have another option, it is a pricey market in Aberdeen, there are limits where I can go. Breedon give us dust rather than sand for ready0mix concrete which we can't use in our business because we are looking for a product that can give us a polished floor."</i>	Table 7, Craigenlow aggregates – specifically refers to RMX and dust. Table 21, Westhill RMX
4	Comment 4: <i>"There is an effect on the ready-mix side, in the ability to supply."</i>	Table 7, Craigenlow aggregates Table 21, Westhill RMX
5	Comment 5: <i>"Narrowing the chain of supply, divisions closed it makes it very easy to acquire price implementation."</i>	Table 14, Tullos RMX
6	Comment 6: <i>"Huge impact on smaller companies in general because they won't be competitive – political game being played if the quarry loses the contract they will blacklist you and not sell you the material."</i>	
7	Comment 7: <i>"It will be very hard to win work against Breedon and the price will go up."</i>	Table 14, Tullos RMX
8	Comment 8: <i>"Competition will be lessened which will make our procurement more expensive."</i>	Table 21, Westhill RMX
<b>Craigenlow – Table 33</b>		
9	Comment 1: <i>"I think this is really poor for the area, we don't have enough choice in this area anyway and for a company to come in and take over another it means one less company to try to get a cost from as they are merging, are less options and I think it is a poor thing for the area – At then Breedon and then Breedon. I would like it to go back to the way it was so you could get three prices. As it stands the ball is at their foot and you (the customer) are stuck. I speak to lots of business owners and have yet to speak to anyone who thinks it is a good thing. I am all for companies getting bigger and expanding, however it is great it you have a great choice of things and can just say I am leaving that company and will go somewhere else, if I do that it leaves me with one company to go to (for construction materials)."</i>	Table 7, Craigenlow aggregates Table 14, Tullos RMX
10	Comment 2: <i>"Price basically will be the main one and competition and delivery service."</i>	Table 9, Stirlinghill aggregates Table 26, Peterhead RMX
11	Comment 3: <i>"Not a huge impact, it may have an impact on the price of asphalt as there will be fewer suppliers".</i>	Table 9, Stirlinghill aggregates Table 14, Tullos RMX
12	Comment 4: <i>"Reduced credit limit from Tom's Forrest – always worried when two companies merge – less competition."</i>	