

**REFERENCE RELATING TO THE ANTICIPATED JOINT VENTURE
BETWEEN ANGLO AMERICAN PLC AND LAFARGE S.A.**

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

and

**Notice of addendum to possible remedies under Rule 11 of the Competition
Commission Rules of Procedure**

1. On 21 February 2012 the Competition Commission (CC) published its [Notice of provisional findings](#) and its [Notice of possible remedies](#). The full [provisional findings](#) were published on 23 February 2012. Following publication, new evidence relating to the catchment area analysis was submitted and further investigation was carried out. The CC is now publishing changes to its provisional findings and its Notice of possible remedies in this addendum.
2. In light of the new evidence, which included revised transaction data for the Lafarge Dry Rigg crushed rock site and revised data for the Lafarge Chaddesden recycled aggregates site, we revised our catchment area analysis and results to take into account of further evidence submitted by the main parties. We also performed another overall check of the analysis programs.
3. The new data submitted by the main parties in relation to the Lafarge Dry Rigg site showed a substantial reduction in the production of non-specialist primary aggregates, which substantially reduced the size of catchment area radials around Lafarge's non-urban sites in crushed rock, primary aggregates and all aggregates, and, as a consequence, on the shares of production associated with the main parties' and third parties' sites in a number of local areas, not limited to those involving Dry Rigg. These changes resulted in an additional SLC (substantial lessening of competition) finding in one local area (see paragraphs 10 and 11) and in one area no longer involving an SLC (see paragraphs 14 and 15).
4. The further overall check of the analysis programs showed that one local area was incorrectly filtered out from the list of possible problems in primary aggregates (see Table 3, Annex 1 of [Appendix I](#) of the provisional findings) and an incorrect radial for the catchment area was used in another local area. The revised analysis resulted in an additional SLC finding in one local area (see paragraphs 12 and 13), and in one area no longer involving an SLC (see paragraphs 16 and 17).
5. To summarize, following the revision of the catchment area analysis, we found two additional problem areas in primary aggregates (see Table 6, Annex 1 of [Appendix I](#) of the provisional findings):
 - (a) area centred on Lafarge Graig crushed rock site; and
 - (b) area centred on Lafarge Willington sand and gravel site.
6. We also found that two areas are no longer to be considered a problem in primary aggregates:

- (a) area centred on Tarmac Clitheroe crushed rock site; and
- (b) area centred on Tarmac Bury St Edmunds crushed rock depot.

7. Catchment area information, shares of production and our findings in relation to the local areas referred to in paragraphs 6 to 8 are provided in the following paragraphs.

8. Area centred on Lafarge Graig crushed rock site (Wales):

TABLE 1 Summary information for area centred on Lafarge Graig

Filter	Centre of radial	Radial miles
Roadstone and graded 40mm	Crushed rock non-urban	[REDACTED]

Source: CC estimates based on main parties' data.

Note: The numbers in parentheses correspond to the values quoted in provisional findings.

TABLE 2 Lafarge and Tarmac shares of production in area centred on Lafarge Graig, 2010

Market	Share Lafarge %	Share Tarmac %	JV share %
Primary aggregates	[REDACTED]	[REDACTED]	[REDACTED]
Crushed rock	[REDACTED]	[REDACTED]	[REDACTED]
All aggregates	[REDACTED]	[REDACTED]	[REDACTED]

Source: CC estimates based on main parties' and third parties' data.

Note: The numbers in parentheses correspond to the values quoted in provisional findings.

9. We looked at the joint venture (JV) shares of production in primary aggregates, crushed rock aggregates and all aggregates. On the basis of the new transaction data for Lafarge Dry Rigg, in this local area the JV's share of production for primary aggregates is [40–50] per cent. Its share of production of all aggregates is lower at [30–40] per cent. We considered both of these shares to be high and we therefore found this to be a problem area. We note that, in our remedies discussion, the main parties have offered to divest Lafarge Graig. We are currently considering whether this divestiture would remove the SLC in this area.

10. Area centred on Lafarge Willington sand and gravel site (South-East):

TABLE 3 Summary information for area centred on Lafarge Willington

Filter	Centre of radial	Radial miles
Fascia reduction from 4 to 3 in sand and gravel	Sand and gravel urban	[REDACTED]

Source: CC estimates based on main parties' data.

TABLE 4 Lafarge and Tarmac shares of production in area centred on Lafarge Willington, 2010

Market	Share Lafarge %	Share Tarmac %	JV share %
Sand and gravel	[REDACTED]	[REDACTED]	[REDACTED]
Primary aggregates	[REDACTED]	[REDACTED]	[REDACTED]
All aggregates	[REDACTED]	[REDACTED]	[REDACTED]

Source: CC estimates based on main parties' and third parties' data.

11. We looked at the JV shares of production in primary aggregates ([80–90] per cent), sand and gravel aggregates ([80–90] per cent) and all aggregates ([60–70] per cent). In this local area, the JV's shares of production are very high for all products and therefore we found this to be a problem area.

12. Area centred on Tarmac Clitheroe Bankfield crushed rock site (North-West):

TABLE 5 Summary information for area centred on Tarmac Clitheroe

Filter	Centre of radial	Radial miles
Roadstone and graded 40mm	Crushed rock urban	[X]

Source: CC estimates based on main parties' data.

TABLE 6 Lafarge and Tarmac shares of production in area centred on Tarmac Clitheroe, 2010

Market	Share Lafarge %	Share Tarmac %	JV share %
Primary aggregates	[X]	[X]	[X]
Crushed rock	[X]	[X]	[X]
All aggregates	[X]	[X]	[X]

Source: CC estimates based on main parties' and third parties' data.

Note: The numbers in parentheses correspond to the values quoted in provisional findings.

13. We looked at the JV shares of production in primary aggregates, crushed rock aggregates and all aggregates (see paragraphs 91 to 93 of Appendix I of the provisional findings). Since, on the basis of the new transaction data for Lafarge Dry Rigg, Lafarge's share in all products is virtually zero, we found that this area may no longer be considered a problem area.

14. Area centred on Tarmac Bury St Edmunds crushed rock depot (East Anglia):

TABLE 7 Summary information for area centred on Tarmac Bury St Edmunds

Filter	Centre of radial	Radial miles
Roadstone and graded 40mm	Crushed rock urban	[X]

Source: CC estimates based on main parties' data.

Note: The numbers in parentheses correspond to the values quoted in provisional findings.

TABLE 8 Lafarge and Tarmac shares of production in area centred on Tarmac Bury St Edmunds, 2010

Market	Share Lafarge %	Share Tarmac %	JV share %
Primary aggregates	[X]	[X]	[X]
Crushed rock	[X]	[X]	[X]
All aggregates	[X]	[X]	[X]

Source: CC estimates based on main parties' and third parties' data.

Note: The numbers in parentheses correspond to the values quoted in provisional findings.

15. We looked at the JV shares of production in primary aggregates, crushed rock aggregates and all aggregates (see paragraphs 139 to 141 of Appendix I of the provisional findings). On the basis of the revised radial, in this local area the JV's share of production in primary aggregates is below 33 per cent. For this reason, we found that this area may no longer be considered a problem area (see paragraph

6.27 of the provisional findings and paragraph 40 of Appendix I to the provisional findings).

The next steps

16. Anyone wishing to comment on these changes to the provisional findings and the remedies notice is now invited to provide the Group with their reasons in writing, including any practical alternative remedies they wish the Group to consider and/or any reasons as to why these provisional findings should not become final (or, as the case may be, should be varied).
17. These reasons should be received by David du Parc Braham, the Inquiry Manager, on behalf of the Group no later than 29 March 2012.
18. The Group will have regard to any such reasons in making its final decisions on the statutory questions and actions.

(signed) ROGER WITCOMB
Group Chairman
22 March 2012

Notes

Comments should be made by [email](#), or in writing, to:

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