

AGGREGATES, CEMENT AND READY-MIX CONCRETE MARKET INVESTIGATION

Consent for Lafarge S.A. to take certain action in relation to the Interim Undertakings given by Lafarge Tarmac Holdings Limited and accepted by the Competition Commission on 28 February 2014

1. On 18 January 2012 the Office of Fair Trading made a reference to the Competition Commission (CC) under section 131 of the Enterprise Act 2002 (the Act) concerning the supply or acquisition of aggregates, cement and ready-mix concrete in Great Britain (the Reference).
2. On 14 January 2014, the CC (which, on 1 April 2014, was replaced by the Competition and Markets Authority) published its report entitled *Aggregates, cement and ready-mix concrete market investigation: Final report* (the Report).¹
3. The Report concluded, inter alia, that Lafarge Tarmac Holdings Limited (Lafarge Tarmac) should divest either its Cauldon or Tunstead cement plants. In light of this finding, Lafarge Tarmac gave, and the CC accepted on 28 February 2014, interim undertakings under section 157 of the Act for the purpose of preventing pre-emptive action and safeguarding the position of the pending divestiture (the Interim Undertakings). The Interim Undertakings also cover the position with regard to Lafarge Tarmac's activities in the ground granulated blast furnace slag (GGBS) supply chain.
4. Lafarge Tarmac, which is bound by the Interim Undertakings, is a 50:50 joint venture between Lafarge S.A. and Anglo American plc.
5. The Reference has not been finally determined in accordance with section 183(3) of the Act and the Interim Undertakings are still in force.
6. On 7 April 2014, Lafarge S.A. and Holcim Ltd (the 'Merger Parties') announced their intention to merge (the 'Merger'). This transaction falls within

¹ Under Schedule 5 to the Enterprise and Regulatory Reform Act 2013 and the Schedule to the Enterprise and Regulatory Reform Act 2013 (Commencement No. 6, Transitional Provisions and Savings) Order 2014, the remaining functions of the CC in relation to the Reference were transferred to the Competition and Markets Authority (CMA).

the jurisdiction of the European Merger Regulation² and was formally notified to the European Commission for review on 27 October 2014.³

7. Lafarge S.A.'s activities in the United Kingdom (UK) are limited to its interests in Lafarge Tarmac. Holcim Ltd's activities in the UK are carried out by Aggregate Industries. In order to obtain clearance from the European Commission for the Merger to proceed, Lafarge S.A. and Holcim Ltd offered to make divestments to address the competition concerns in the EEA found by the European Commission during its market investigation. In the UK, Lafarge S.A. offered to divest the whole of Lafarge Tarmac except for the Cauldon Assets.
8. The Cauldon Assets comprise:
 - (a) the Cauldon cement plant, (excluding the two plastic packaging lines, the National Laboratory facility and the Sapphire office at or adjacent to the Cauldon cement plant);
 - (b) the Cauldon limestone quarry;
 - (c) the Caldun Low quarry, excluding the asphalt plant located at that quarry;
 - (d) the rail depot located in Willesden, London; and
 - (e) the road terminal located at Coleshill.
9. As Lafarge Tarmac will continue to be bound by the Interim Undertakings, Lafarge S.A. requires the CMA's consent to transfer the Cauldon Assets once it has gained full control of Lafarge Tarmac. Lafarge S.A. intends to transfer the Cauldon Assets to the merged entity's subsidiary, Aggregate Industries, or another entity in the merged group before divesting Lafarge Tarmac. Lafarge S.A. has sought the CMA's consent for this transfer with Lafarge Tarmac's knowledge and support.
10. The Merger Parties offered the European Commission a commitment that the purchaser of the Lafarge Tarmac UK business will substantially conform to and be consistent with the criteria set out in the CC's Report which will achieve the objective identified in the Report of creating a fifth independent domestic cement producer in Great Britain.
11. On 15 December 2014 the European Commission approved the Merger subject to commitments including the above provision relating to a suitable

² Council Regulation on the control of concentrations between undertakings (139/2004/EC).

³ Case COMP/M.7252.

purchaser for the Lafarge Tarmac UK business. On completion of the Merger, Lafarge S.A. will acquire full control of Lafarge Tarmac from Anglo American and thereafter divest Lafarge Tarmac in accordance with the European Commission's conditional clearance decision.

12. In light of the above the CMA provides its consent to the transfer of the Cauldon Assets to the merged entity, Lafarge S.A./Holcim Ltd, as part of that transaction.
13. The Interim Undertakings will continue to apply to Lafarge Tarmac until formally released by the CMA or the Reference has been finally determined in accordance with section 183(3) of the Act.

Signed by authority of the CMA

(signed) MARTIN CAVE
Group Chairman
16 December 2014