COMPETITION COMMISSION

AGGREGATES, CEMENT AND READY-MIX CONCRETE MARKET INVESTIGATION

Notice of the CC's intention to carry out case studies
29 May 2012

1. On 8 March 2012 we published an Issues Statement which set out a number of hypotheses which appear to be relevant to the decision as to whether any feature, or combination of features, of the market prevents, restricts or distorts competition. We are now seeking evidence in various forms to inform our analysis of these markets. As part of our analysis, we intend to carry out a number of case studies focusing on specific local areas in which construction aggregates are produced. These case studies will give us detailed insight into the way the aggregates markets operate in those areas in practice and will complement other pieces of analysis we are undertaking.

2. In choosing case study areas, we have sought to capture a variety of market conditions and competitive situations, to enable us to explore in more detail the way in which local market conditions may affect the level and nature of competition for the production and sale of construction aggregates in local areas. We have also attempted to select areas where some of the larger aggregate production sites are located, so that the selected areas collectively cover a greater proportion of UK demand for construction aggregates than might otherwise have been the case. As our thinking progresses, we will review our selection of local areas and may decide to carry out further case studies to complement our initial set.

3. Our case studies will aim to gather evidence from a range of market participants in these local areas, including producers of aggregates and some customers for aggregates. We will be particularly interested in the majors' and independent aggregate producers' experience of competition in these areas, as well as customers' experience of purchasing aggregates in these areas. We may gather evidence via hearings, interviews, questionnaires and document requests, as appropriate.

4. Our selection of case study areas is as follows:

    1. South Wales.
    2. West of East Anglia (Cambridgeshire, Hertfordshire and Bedfordshire).
    3. Scotland's Central Belt.
    4. Leicestershire (Midlands).
    5. Derbyshire (Midlands).

5. We are aware of the possibility that aggregates producers may use a proportion of the aggregates they produce in their own downstream businesses, in particular for asphalt and RMX production. We will be gathering some preliminary data from aggregates producers in each case study area to ensure that the extent of any such internal consumption is not sufficient to undermine the validity of our work in the area in question.

6. We intend to commence our case studies in these areas in mid-June 2012.