

AGGREGATES, CEMENT AND READY-MIX CONCRETE MARKET INVESTIGATION

Note summarizing case study document review

Summary

1. On 29 May 2012 we published a note indicating that, as part of our aggregates, cement and ready-mix concrete market investigation, we intended to carry out a number of case studies which would focus on specific local areas in which construction aggregates are produced.¹ We identified a number of case study areas including South Wales and west of East Anglia (Cambridgeshire, Hertfordshire and Bedfordshire) and explained that we would gather evidence via a number of means.
2. This note summarizes our review of a number of internal documents related to the case study areas provided to the CC by Aggregate Industries UK Limited (Aggregate Industries), Cemex UK Operations Limited (Cemex), Hanson, Lafarge Aggregates Limited and Lafarge Cement UK Limited (together Lafarge) and Tarmac Group Limited (Tarmac) (in this note, 'the Majors').^{2,3}

Analysis

3. We have reviewed approximately 4,000 documents produced by the parties. Overall, the documents do not in themselves demonstrate the existence of coordinated effects in either of the case study areas.
4. The quality of the responses from the parties was in general mixed. The parties provided us with a few meaningful emails and discussions between their employees.

¹ www.competition-commission.org.uk/assets/competitioncommission/docs/2012/aggregates-cement-and-ready-mix-concrete/120529_notice_of_intention_to_carry_out_case_studies.pdf.

² We have also conducted a series of case study interviews of customers and suppliers in the case study areas. This is the subject of a separate working paper.

³ In our Notice of intention to carry out case studies, we also identified a number of other case study areas. These were: Scotland's Central Belt, Leicestershire (Midlands) and Derbyshire (Midlands).

5. [REDACTED]
6. [REDACTED]
7. The documents we have reviewed indicate that there are multiple contacts between the Majors across markets. These include regional meetings across the industry and private meetings organized between the Majors. The existence of shared sites and quarries and various cross-supply agreements establish a degree of interdependence between the Majors.
8. The documents we have reviewed indicate that there is a degree of transparency with respect to prices across the market. Each of the Majors seems to have information on the prices applied by its competitors—either from the customers who report on competitors' prices, or from the competitor directly where there is a cross-supply agreement between the Majors.
9. The documents we have reviewed reveal the level of insight that each major has with respect to the market and its competitors and it seems that the majors are operating on the market aware of the profile and position of each of their competitors.
10. Various discussions and internal business and strategy reports demonstrate that the Majors are in fact competing as they focus on gaining market share or pursuing the competitors' customer to switch to their services.
11. Some of the documents mentioned in the correspondence between the Majors raise further questions which we are investigating. In particular:
[REDACTED]

Structure of this note

12. The rest of this note is organized as follows. We summarize some points emerging from:
- (a) Aggregate Industries' internal documents in paragraphs 14 to 22;
 - (b) Cemex's internal documents in paragraphs 23 to 31;
 - (c) Hanson's internal documents in paragraphs 32 to 46;
 - (d) Lafarge's internal documents in paragraphs 47 to 56; and
 - (e) Tarmac's internal documents in paragraphs 57 to 73.
13. In the annex to this note we highlight some specific internal documents for each of the parties.

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