

27th April 2012

Competition Commission
Victoria House
Southampton Row
London
WC1B 4AD

For the attention of David Fowlis, Inquiry Manager

Dear Mr Fowlis

**Market Investigation into the Supply or Acquisition of Aggregates, Cement and Ready-Mix Cement
Initial submission**

I refer to paragraph 7 of the letter of 7th February from Professor Martin Cave OBE, Inquiry Chairman, inviting initial submissions pursuant to the issues statement published last month.

Colas is certainly interested in acquiring a position in the UK aggregates and asphalt market. However, the market is dominated by major players in the industry. These major players have consolidated their very strong position in the wider market through acquisition of other companies and as the subject of mergers and reorganisations.

Mergers and reorganisations in the past that have required divestment of assets by the major players have not been particularly effective in opening the market to competition since sites or businesses disposed of have been invariably marginal or non-mainstream locations, and thus have not been attractive to new entrants.

The major producers have always maintained a strong position in the mainstream market by ensuring that they retain the most valuable sites in terms of market demographics.

A further significant barrier to new entrants is the cost and difficulty of obtaining planning permission for new aggregate extraction or asphalt plants. These factors make market entry very difficult, and effectively strengthen the position of the major players.

I trust that you will find these submissions on behalf of Colas helpful, and await hearing from you further in due course should you require any further information with regard to the foregoing.

Yours sincerely

Graham Stanton
Associate Director & Company Secretary