

Department for Business, Innovation and Skills

Response to the Competition Commission: Aggregates, Cement and Ready-mix Concrete Market Investigation

Notice of possible remedies under Rule 11 of the Competition Commission Rules of Procedure.

Background

1 On 21 May 2013, the Competition Commission published a Notice of Possible Remedies with regard to its investigation of Aggregates, cement and ready-mixed concrete.

2 Remedy C5 proposes restrictions on the disclosure of cement market data by the UK government and by GB cement producers to private sector organisations.

3 The Construction Market Intelligence team, located in the Analysis Directorate of BIS, is responsible for publishing a range of statistics on building materials and components. This is done through a regular monthly publication, *Monthly Statistics of Building Materials and Components*, which is made publicly available through our website at <https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/building-materials-and-components-monthly-statistics-2012>.

4 Table 8 of that publication includes statistics on monthly cement production and deliveries (sales) in Great Britain. It also includes figures for cementitious materials (GGBS and PFA), clinker, and estimates of cement imports. The information is received from [an accountancy firm] who, acting on behalf of the Mineral Products Association (MPA), collect data

from cement producing firms and pass it in aggregated form. No information for individual firms is passed to BIS nor, to the best of our knowledge, to the MPA.

5 Tables 2 and 3 contain price indices for cement and cement products. These are obtained from the Office for National Statistics through their collection of Producer Price Indices.

6 Tables 14 and 15 contain information on the value of cement imports and exports compiled by Her Majesty's Revenue and Customs (HMRC).

7 Prior to 2007, the information published in Table 8 was collected by BIS' predecessor organisation, the Department for Trade and Industry, from UK cement manufacturers. At the time, these were Lafarge, Castle, Rugby Cement and Tarmac. Data collection for Northern Ireland from Sean Quinn was discontinued in 2001, and the series became GB rather than UK.

8 Data was previously published by DTI three months in arrears. In 2007, the British Cement Association (BCA) asked an accountancy firm, to collect the data from manufacturers. [The accountants] and the BCA decided to publish the data one month in arrears. Since the data became publicly available on the BCA website one month in arrears, DTI followed suit.

9 The data is used primarily for market and economic information by government and industry bodies, including construction trade associations. A report of a review carried out by BIS in 2010 discusses the types of organisation using construction materials data and the uses they find for it:

<https://www.gov.uk/government/publications/building-materials-statistics-review-final-report>

Remedy C5: Responses to issues for comment

(a) Appropriate time lag

10 BIS investigations indicate that cement data is a good predictor of construction output. However, it only leads output by a month or so. If the data were only available after a longer time period, those using it for forecasting would find it considerably less useful. Our review of monthly construction materials statistics found that forecasting was the third most reported use of building materials data, with 41% of respondents quoting this purpose.

11 If the data were embargoed for longer than a month, then no forecasting model would be able to use it. This is because even though the original data might not be published, the details of the model would need to be made transparent and it would be possible to calculate the cement element given knowledge of the other inputs. There would be no point in delaying forecasts until after the forecasting period, which would be around one month ahead with most building materials.

12 In the past, BIS published the data three months in arrears. We consider that a move back to such a timetable would not present any problems with regard to publishing the data. Those who use the data for economic and market monitoring purposes would experience some inconvenience at not having the most up-to-date information. Other options would reduce the utility of the data to such an extent that there would be little point in publishing it at all, for example:

- moving to a longer period of arrears;
- annual publication
- publication of data in less detail

(b) Disclosure before expiration of time lag

13 If given access to data with an embargo, BIS would treat it as we would confidential data under the Code of Practice for Official Statistics. Only named individuals would be allowed pre-publication access, including those working on the preparation of the publication and those working on policy responses such as Press Officers. Disclosure to others - e.g. to academics for bona fide research - could only be effected in exceptional and unusual circumstances and upon signing a strict non-disclosure agreement.

(c) Provision to trade associations or other private sector organisations

14 We can not foresee any circumstances where confidential - i.e. disaggregated - data need be provided to third parties, except for the purpose of aggregation as is the case with [MPA's firm of accountants]. If any such circumstances should arise in the future, then similar non-disclosure restrictions as outlined in our reply to (b) could be applied.

(d) Costs and benefits arising as a result of this remedy

15 The costs in terms of data utility have been indicated above in paragraphs 10 to 12. For BIS, there would be no benefit from implementation of this remedy.

(e) Other considerations

16 As outlined above, BIS is concerned primarily with effects on the timeliness of publication and the utility of the data. We have not identified any further issues of relevance to BIS.