
MPA Cement Response to CMA Call for Inputs: Environmental Sustainability Advice to Government

Introduction

The Mineral Products Association (MPA) is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries. With the affiliation of British Precast, the British Association of Reinforcement (BAR), Eurobitume, MPA Northern Ireland, MPA Scotland and the British Calcium Carbonate Federation, it has a growing membership of 530 companies and is the sectoral voice for mineral products. MPA membership is made up of the vast majority of independent SME quarrying companies throughout the UK, as well as the 9 major international and global companies. It covers 100% of UK cement and lime production, 90% of GB aggregates production, 95% of asphalt and over 70% of ready-mixed concrete and precast concrete production. In 2018, the industry supplied £18 billion worth of materials and services and was the largest supplier to the construction industry, which had annual output valued at £169 billion. Industry production represents the largest materials flow in the UK economy and is also one of the largest manufacturing sectors.

Please find below, responses to the questions of most relevance to MPA.

Question 1:

Are you aware of examples where the CA98 regime has constrained or frustrated actual or potential agreements or initiatives that could support the UK's Net Zero and sustainability goals? Please explain the issue faced and any solutions identified.

Yes. Implementation of UK competition law is hampering MPA and MPA member initiatives to reduce emissions and contribute to meeting the UK net zero ambition. In particular, disproportionately cautious sector undertakings, like those in place for the cement sector¹ that attempt to implement CA98, are impeding our ability to carry out the effective duties of a trade association and in doing so, MPA's collaborative role in assisting the sector improve its environmental credential and ultimately reach net zero.

Undertakings such as this prevent proportionately controlled transfer of 'market data' with the trade association. The CMA deliberately defines such market data widely which proves highly restrictive. If the undertakings are breached, the consequences are severe so even incidents which would have no bearing on market prices and no impact on customers can come with a level of risk.

For innovation projects e.g. those aimed at environmental improvements and net zero, the sharing of sales and pricing information is entirely unnecessary, but the sharing of production data and sustainability data is beneficial to a successful outcome. Recent MPA experience with a demonstration on fuel switching, has shown that there are some circumstances where the sharing of information directly related to the innovation project has been constrained and has made conversations between partners on the project extremely difficult. The need to constantly be aware of, and manage, the restrictions on the sector when carrying out innovation projects adds significant risk that there will be a breach and has the potential to

¹ <https://assets.publishing.service.gov.uk/media/570e2537ed915d117a00005e/cement-market-data-remedy-undertakings.pdf>

constrain further research or as a minimum discourage companies and trade associations from taking part in innovation including those programmes specifically aimed at net zero. Although MPA applied, and was granted, a derogation from the undertakings for the project, this was still extremely restrictive with MPA only being able to see production information at certain points during the net zero trial itself.

As discovered during the fuel switching demonstration application and the project itself, ensuring the sector meets the requirements of CA98 and sector specific undertakings adds significant cost in legal fees and time, which can cause delays in collaborative projects. The extra layer of administrative complexity when applying for, or taking part in, innovation projects can result in the sector missing out while competitor sectors that do not face such restrictions are able to maximise the funding available and accelerate their journey to net zero.

The importance of collaborative research is that information is shared widely, and the learning is adopted quickly which helps meet the UK accelerated ambition to reach net zero. The greatest challenges in meeting net zero are in industrial processes. Complex engineering changes and disruptive interventions are needed in highly integrated processes and businesses.

The UK concrete and cement sector have published a roadmap setting out the seven key decarbonisation levers to get the sector to, and even beyond, net zero by 2050. These levers are common to all UK cement and concrete production and include technologies such as fuel switching and carbon capture. There is little time between now and 2050 for the required research, demonstration and deployment to take place. Most UK cement plants are likely to have only one significant investment cycle within that period. There is not enough time for every UK cement producer to conduct their own research, which could potentially repeat the same work, across the country. Collaborating as a sector is the only way to make best use of limited resources and to spread awareness of innovation project results so all can contribute to meet the ambitious UK timeline to net zero.

Other sectors, that do not have such constraints placed on them, could move much faster with sector-wide innovation work that could start to put the UK cement and concrete sector at a disadvantage against other sectors supplying the construction industry, such as steel.

Question 2:

Are there changes to the CA98 regime that would help to achieve the UK's Net Zero and sustainability goals? If so, what changes should be made to the regime, and what would they achieve?

There must be a fundamental principle included in competition law that states that in discharging its duties, the CMA must not impede the route to net zero. Any CMA activities in relation to competition law must take into account the need of sectors to collaborate in order to decarbonise. At a sector level CA98 must allow the facilitation of sector innovation projects, particularly for sectors with significant environmental impact or CO₂ emissions that are hard to abate or where technical innovations are complex and disruptive to the current technology/ process.

Such a facility could involve exemptions to CA98 and any associated undertakings to enable the sharing of data with trade bodies for collaborative innovation projects and sustainability

initiatives which further the net zero journey. Ideally MPA want CA98 to give the sector the facility to discharge our responsibility as a trade association to move the sector forward as a collective on the net zero journey. We want any derivatives of CA98 e.g. undertakings to implement this facility. This could include:

- Sharing sustainability data related to circular economy, energy and CO₂ efficiency
- Providing ease of collaboration in sector level innovation projects, particularly in hard to abate sectors, where it's important not to slow decarbonisation progress.

Note that any sharing of data should be restricted to sustainability and related production data only, there would be no need to share sales and price information to further the net zero journey. In this way MPA believe the fundamental principles of CA98 would not be jeopardised.

Question 3:

To the extent not already covered by your responses to the previous questions, are you aware of examples of potential environmental sustainability initiatives which, in your view, would benefit from further CMA guidance or direct engagement with the CMA on the possible application of CA98? If so, please explain what further guidance would be necessary and why.

Ideally any additional guidance should set out a list of exemptions for sector level collaborative innovation and sustainability projects that are clear and easy to understand and don't require sectors to spend considerable time and thousands of pounds on lawyers' fees to understand what can and can't be done.