

Anticipated acquisition by Saint-Gobain of GCP Applied Technologies

Decision on relevant merger situation and substantial lessening of competition

ME/6995/22

The CMA's decision to accept undertakings in lieu of reference under section 73(2) of the Enterprise Act 2002 given on 22 September 2022. Full text of the decision published on 3 November 2022.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

SUMMARY

1. Compagnie de Saint-Gobain S.A. (**Saint-Gobain**) has agreed to acquire the whole of the issued share capital of GCP Applied Technologies Inc. (**GCP**) (the **Merger**). Saint-Gobain and GCP are together referred to as the **Parties** (each individually, as a **Party**) and, for statements referring to the future, as the **Merged Entity**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of Saint-Gobain and GCP is an enterprise; that these enterprises will cease to be distinct as a result of the Merger; and that the share of supply test is met. Accordingly, arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
3. Both Parties supply products used in the construction industry, including chemical admixtures.

The counterfactual against which the Merger should be assessed

4. The CMA's investigation took place in the context of a parallel transaction involving the anticipated acquisition by Sika AG (**Sika**) of the MBCC Group (**MBCC**) (the

Sika/MBCC merger). Sika and MBCC are both also active in the supply of chemical admixtures in the UK. On 10 August 2022, the Sika/MBCC merger was referred for a phase 2 investigation following the CMA's finding that it is or may be the case that the merger may be expected to result in a substantial lessening of competition (**SLC**) in relation to the supply of chemical admixtures in the UK.

5. Sika and MBCC requested to concede that SLC for the purposes of the CMA's phase 2 investigation, waiving their right to challenge the SLC finding and confirming that they intend to submit remedies to address the SLC. The phase 2 Inquiry Group has accepted this request. In these circumstances, the CMA does not consider that there is a realistic prospect that Sika and MBCC's chemical admixture businesses will operate under common ownership in the future.
6. The CMA has therefore assessed the Merger against the prevailing conditions of competition, ie where Sika and MBCC's admixture businesses remain under separate ownership.

Horizontal unilateral effects in the supply of chemical admixtures in the UK

7. Chemical admixtures are specially formulated chemicals added to cementitious products (concrete, cement and mortar) to modify their properties, for example to slow their setting rate so they can be transported over longer distances. Chemical admixtures also enable concrete producers to reduce the amount of cement required to produce concrete, which not only cuts the overall cost of concrete production, but also reduces its environmental impact.
8. Modern construction methods rely on chemical admixtures, which are therefore considered an essential input in the production of cementitious products.

Competitive dynamics

9. Customers consider a wide range of factors when choosing a chemical admixture supplier. The most important factors are product performance and quality, security of supply, and price. Other important factors include technical expertise, reputation, capacity, product development and innovation, including sustainable solutions.
10. Large customers have additional requirements to other customers. In particular, their volume and logistics requirements and the need to have access to the latest admixture developments to maintain a competitive product offering means that their choice of potential suppliers is more limited.
11. The CMA found that there is significant differentiation between suppliers' product ranges, and between suppliers and their ability to meet customers' requirements.

Competitive assessment

12. The CMA found that the Merged Entity would have only a modest share of supply of chemical admixtures in the UK of [20-30]%. This would make it the third-largest supplier behind Sika and MBCC, who would remain the market leaders.
13. The CMA found that GCP is a materially weaker supplier than Sika, MBCC, and Saint-Gobain (Chryso) in relation to a number of parameters of competition.
14. In particular, GCP's investment in innovation has declined [8<] in recent years. GCP also lacks vertically integrated polymer production, which makes it easier for suppliers to develop new or bespoke polymers that can improve the performance of chemical admixtures. These factors have limited GCP's ability to compete through innovation with Saint-Gobain and other suppliers (principally Sika and MBCC). Both Parties' internal documents highlight a decline in GCP's innovation capabilities.
15. Similarly, GCP's position as a main supplier to large, national customers has eroded in recent years, and it is no longer the main supplier to any large customer.
16. The CMA considered the competitive constraint exerted by other suppliers. The CMA found that Sika and MBCC, which are the strongest suppliers by some distance, would exert a strong constraint on the Merged Entity. The CMA also found that Oscrete and Mapei, although significantly smaller than Sika and MBCC, would exert some constraint on the Merged Entity. In particular, the CMA found that both Oscrete and Mapei (once a local production facility currently at an advanced stage of construction comes online) would have broadly comparable capabilities to GCP.
17. The CMA believes that these constraints, taken together, are sufficient to ensure that the Merger does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects.
18. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

PARTIES

19. Saint-Gobain is a company based in France, listed on the Paris Stock Exchange, that manufactures and supplies a broad range of construction materials. In September 2021, Saint-Gobain acquired the Chryso Group (**Chryso**), strengthening its position in the supply of chemical admixtures. Saint-Gobain generated worldwide turnover of approximately £38 billion in 2021, of which approximately £[X] was UK turnover.
20. GCP is a company based in the United States of America, listed on the New York Stock Exchange, that manufactures and supplies a broad range of construction materials including chemical admixtures. GCP generated worldwide turnover of approximately £705 million in 2021, of which approximately £[X] was UK turnover.

TRANSACTION

21. Saint-Gobain, indirectly through its wholly owned subsidiary Cyclades Parent, Inc., has agreed to acquire 100% of the shares in GCP pursuant to a sale and purchase agreement dated 5 December 2021. The Merger was publicly announced on 6 December 2021.
22. The Parties informed the CMA that the Merger is also the subject of review by competition authorities in the United States of America, Austria, Denmark, Cyprus, Germany, Colombia, Brazil, Russia, Serbia and Morocco.ⁱ

PROCEDURE

23. The Merger was considered at a Case Review Meeting.¹

JURISDICTION

24. The CMA believes that the Merger (as described in paragraph 1) is sufficient to constitute arrangements in progress or contemplation for the purposes of the Act.²
25. Each of Saint-Gobain and GCP is an enterprise. As a result of the Merger, these enterprises will cease to be distinct.
26. The Parties overlap in the supply of a number of products used in the construction industry, including chemical admixtures. In 2021, the Parties had a combined share

¹ See [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2revised\)](#), December 2020, from page 46.

² Section 33(1)(a) of the Act.

of supply of [60-70]% (by revenue) in the supply of chemical admixtures for cement³ in the UK, with an increment of [10-20]%. The CMA therefore believes that the share of supply test in section 23 of the Act is met.

27. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
28. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 27 July 2022 and the statutory 40 working day deadline for a decision is therefore 22 September 2022.

COUNTERFACTUAL

29. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For anticipated mergers the CMA generally adopts the prevailing conditions of competition as the counterfactual against which to assess the impact of the merger. In phase 1 investigations, if the CMA must consider multiple potential counterfactual scenarios where each of those scenarios is a realistic prospect, it will choose the one where the merger firms exert the strongest competitive constraint on each other, and where third parties exert the weakest competitive constraints on the merger firms.⁴
30. The Parties submitted that the appropriate counterfactual is the prevailing conditions of competition.⁵
31. The CMA notes that on 10 November 2021, Sika AG (**Sika**) agreed to acquire MBCC Group (**MBCC**) (the **Sika/MBCC merger**). Sika and MBCC are both active in the supply of chemical admixtures in the UK. On 27 July 2022, the CMA found that it is or may be the case that the Sika/MBCC merger may be expected to result in an SLC (the **Phase 1 Decision**). On 10 August 2022, the CMA referred the Sika/MBCC merger for a phase 2 investigation.
32. On 2 September 2022, Sika and MBCC requested to concede the SLC identified in the CMA's Phase 1 Decision, accepting that the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in the supply of chemical admixtures in the UK. Sika and MBCC have agreed to waive their right to challenge this position during the CMA's phase 2 investigation, and have confirmed that they intend to submit remedies to address the SLC. On 6 September 2022, the phase 2

³ The group of goods or services to which the jurisdictional test is applied need not amount to a relevant economic market and, as such, may differ from the relevant economic market used for the purposes of the CMA's substantive assessment of the Merger: [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), paragraph 4.59(a). As noted below, the frame of reference adopted for the purposes of the competitive assessment includes cement admixtures, concrete admixtures, and certain mortar admixtures.

⁴ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 3.12.

⁵ Final Merger Notice dated 21 July 2022 (**FMN**), paragraph 86.

Inquiry Group communicated its decision to accept the request to concede the SLC.⁶

33. In light of the formal acceptance by Sika and MBCC that the Sika/MBCC merger gives rise to an SLC, and the CMA Inquiry Group's decision to accept that request, the CMA considers that it is no longer a realistic prospect that Sika and MBCC's chemical admixtures businesses in the UK could operate under combined ownership in the counterfactual. The CMA has therefore assessed the Merger against a counterfactual in which Sika and MBCC remain under separate ownership.⁷
34. The CMA has therefore assessed the Merger against the prevailing conditions of competition.

COMPETITIVE EFFECTS OF THE MERGER

35. The CMA focussed its assessment of the Merger on a theory of harm relating to horizontal unilateral effects in the supply of chemical admixtures in the UK.
36. The Parties both offer a wide range of products used in construction, many of which overlap to some extent. The CMA focussed its investigation on the theory of harm that could give rise to plausible competition concerns based on the evidence it received from the Parties and third parties during the course of its investigation.
37. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm to profitably raise prices or to degrade non-price aspects of its competitive offering (such as quality, range, service and innovation) on its own and without needing to coordinate with its rivals.⁸ Horizontal unilateral effects are more likely when the market is concentrated, the merging parties are close competitors and there are material barriers to entry and expansion.
38. In order to assess the likelihood of the Merger resulting in horizontal unilateral effects in the supply of chemical admixtures, the CMA considered (and discusses in turn below) the following factors:
 - (a) the nature of competition in chemical admixtures;
 - (b) frame of reference;

⁶ See [Issues statement \(publishing.service.gov.uk\)](https://publishing.service.gov.uk).

⁷ The CMA did not consider it necessary to consider alternative counterfactuals such as completion of the Sika/MBCC merger subject to remedies. As the likely effect of any remedy would be to restore competition in the area giving rise to an SLC (ie chemical admixtures), the CMA considers that a remedy would give rise to broadly similar conditions of competition as the prevailing conditions of competition.

⁸ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 4.1.

- (c) shares of supply;
- (d) closeness of competition between the Parties; and
- (e) competitive constraints from alternative suppliers.

NATURE OF COMPETITION IN CHEMICAL ADMIXTURES

Chemical admixtures

39. Chemical admixtures are specially formulated chemicals added in small quantities to alter the properties of cementitious products (cement, concrete and mortar)⁹ at a plant or construction site.¹⁰ There are a number of different types of chemical admixtures that modify cementitious products in different ways, for example, by reducing the volume of water used in the production of concrete, thereby improving its strength; or by slowing or accelerating the rate at which cement sets.
40. For each type of admixture, suppliers tend to offer a range of formulations, often designed to optimise performance with a particular aggregate mix, or to improve on existing formulations.¹¹ Suppliers may also develop bespoke solutions to meet a customer's particular requirements.¹² As such, there is a significant difference in the quality, performance, and often price of different admixtures, including admixtures of the same type.
41. Chemical admixtures are manufactured by blending polymers and other chemicals together.¹³ The CMA found that some chemical admixture suppliers have their own polymer production facilities, while others purchase polymers from chemical companies. Market participants told the CMA that there is a global shortage of the raw materials needed to produce chemical admixtures.¹⁴

Customers of chemical admixtures

42. Customers of chemical admixtures include major construction companies working on national infrastructure projects (eg HS2), large concrete and cement producers that operate multiple plants across the UK, as well as other local, typically independent, producers.¹⁵
43. The CMA understands that the majority of chemical admixtures for concrete and cement sold in the UK are purchased by a small number of customers that produce

⁹ FMN, paragraph 98.

¹⁰ FMN, paragraphs 99-102.

¹¹ See for example: [Concrete \(chryso.com\)](https://www.chryso.com) (last accessed 20 September 2022) and [Types of Concrete Admixtures | GCP Applied Technologies \(gcpat.com\)](https://www.gcpat.com) (last accessed 20 September 2022).

¹² Note of a call with a Third Party, note of a call with a Third Party.

¹³ FMN, paragraph 107, footnote 32.

¹⁴ Note of a call with a Third Party; note of a call with a Third Party; note of a call with a Third Party.

¹⁵ FMN, paragraph 201.

both ready-mix concrete and cement, with a smaller proportion of customers using chemical admixtures to produce pre-cast concrete or construct tunnels.¹⁶

44. Customers told the CMA that a broad range of factors determine their choice of chemical admixture supplier.¹⁷ All respondents to the CMA's customer questionnaire indicated that the performance and quality of the chemical admixtures, security of supply, and price are important or very important factors when choosing a supplier. Other factors considered to be important or very important by the majority of respondents include technical expertise, reputation, capacity and available volumes, product development and innovation, timely delivery, the range of admixtures offered, and sustainable solutions.
45. In addition, feedback from larger customers of chemical admixtures¹⁸ suggests that they have additional requirements to other customers, which limits the number of suppliers they can source chemical admixtures from. For example, many large customers said that their volume requirements and the need for the chemical admixtures to be delivered across their network of production sites means that only some suppliers have sufficient scale and the operational network to meet their needs.¹⁹ The CMA also understands that larger customers need access to a broad range of chemical admixtures.²⁰ Some smaller suppliers of chemical admixtures only manufacture a narrow range of chemical admixtures, limiting the choice of supplier for larger customers.
46. Customers told the CMA that, while they may have their own in-house technical support, it is essential that their chemical admixture supplier(s) have advanced innovation and product development capabilities to ensure that they have access to the latest products and can maintain their competitive edge.²¹ Third parties said that innovation aimed at improving the sustainability of cement and concrete, including through product development and innovation in chemical admixtures, is of increasing importance in the UK and in the industry more generally.²²

Procurement and switching suppliers

47. The CMA understands that admixtures are procured through a mix of spot purchases, bilaterally negotiated contracts and tenders. Chemical admixture customers typically source the majority of their chemical admixture requirements from one supplier, with smaller volumes sourced from suppliers with a specialist or

¹⁶ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

¹⁷ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

¹⁸ The CMA refers to large customers as those that indicated they made purchases of chemical admixtures for cement and concrete of more than £2.5 million in the UK in 2021 in response to the CMA's questionnaire (Chemical admixtures: Customer questionnaire). These include [X]. [X].

¹⁹ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

²⁰ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

²¹ Note of a call with a Third Party; note of a call with a Third Party.

²² Note of a call with a Third Party; note of a call with a Third Party; note of a call with a Third Party, note of a call with a Third Party; note of a call with a Third Party.

high performing admixture, or as a result of a customer specifying a particular product in their project specification.²³ The CMA understands that most large customers source chemical admixtures using national supply agreements to cover all their production locations in the UK,²⁴ although a few suppliers award supply contracts on a regional basis or by type of chemical admixture.²⁵

48. The large majority of respondents to the CMA's customer questionnaire, including both large and small customers, did not consider that they could easily switch supplier.²⁶ Customers told the CMA that switching is a long and costly process, as they must work with a new supplier to test (and in some cases develop) the right product to use with their particular input mix (for concrete this will include their cement and aggregates) in addition to training sales and technical teams on the new products.²⁷

FRAME OF REFERENCE

49. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.²⁸

Product scope

50. The Parties submitted that the relevant product market includes chemical admixtures for concrete, cement and mortar, without further segmentation.²⁹ The Parties submitted that there is a high degree of supply-side and demand-side substitutability between the three types of chemical admixtures.³⁰
51. Identifying the product frame of reference starts with the overlapping activities of the merger firms.³¹ In this case, the Parties overlap in the supply of chemical admixtures for concrete and chemical admixtures for cement.

²³ Note of a call with a Third Party.

²⁴ Note of a call with a Third Party; note of a call with a Third Party.

²⁵ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire); note of a call with a Third Party.

²⁶ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

²⁷ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire). For customers with multiple sites testing the new chemical admixtures to ensure consistency of end product across locations is an additional important or very important factor when deciding whether to switch supplier

²⁸ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 9.4.

²⁹ FMN, paragraph 105-128.

³⁰ FMN, paragraphs 127 and 129.

³¹ [Merger Assessment Guidelines \(CMA129\)](#), paragraph 9.6.

52. The CMA considered whether it is appropriate (i) to include chemical admixtures for concrete and cement in the same frame of reference; and (ii) to widen the product frame of reference beyond the Parties' overlapping activities to include the supply of chemical admixtures for mortar. These are considered in turn below.
- *Chemical admixtures for cement and concrete*
53. On the demand-side, third parties told the CMA that cement admixtures are not alternatives to concrete admixtures (and *vice versa*) because they are designed to modify cementitious products in different ways.³²
54. On the supply-side, the CMA found that all suppliers of cement admixtures active in the UK also supply concrete admixtures.³³ Evidence from these suppliers suggests that they can shift their production between concrete admixtures and cement admixtures in response to changes in demand without incurring additional sunk costs. The majority of respondents to the CMA's competitor questionnaire considered that they can use the same production equipment and inputs to produce both types of admixtures.³⁴ Over half of these respondents also considered that there are no additional costs when switching production from one type of admixture to the other.³⁵ A number of suppliers also suggested that production can be switched very quickly.³⁶
55. However, some respondents suggested that suppliers that do not already produce both types of admixture would find it significantly more difficult to switch production from one type of admixture to the other, as they would need to source new raw materials,³⁷ acquire knowledge of the admixture formulations, gain third-party certification (eg BBA accreditation) and develop customer relationships/gain customer approval for the products.³⁸

³² Note of a call with a Third Party; note of a call with a Third Party; note of a call with a Third Party.

³³ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire); Third Party responses to the CMA's revenues questionnaire.

³⁴ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire). See also; note of a call with a Third Party; Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

³⁵ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

³⁶ Third Party responses to the CMA's questionnaire (Cement admixtures; Competitor questionnaire).

³⁷ The CMA received mixed evidence from third parties on whether the raw materials required to produce cement and concrete admixtures are the same. Although most respondents said the same inputs can be used to produce both, some suggested that new supply arrangements would need to be established before a producer of concrete admixtures could begin to produce cement admixtures.

³⁸ Third Party responses to the CMA's questionnaire (Cement admixtures; Competitor questionnaire). See also Note of a call with a Third Party. Although many customers require both cement and concrete admixtures, third parties told the CMA that concrete and cement production is often handled within separate divisions and so the customer contacts are different.

56. The CMA understands that not all producers of concrete admixtures supply cement admixtures.³⁹ The CMA estimates that total UK demand for cement admixtures in 2021 was less than 10% of total UK demand for concrete admixtures. The smaller size of the market opportunity may mean that there is less incentive for suppliers to produce cement admixtures than to produce concrete admixtures. Evidence received from third parties is consistent with this position.⁴⁰
57. On balance, the CMA considers that admixtures for concrete and admixtures for cement should be included in the same product frame of reference given that there appears to be some degree of supply-side substitutability between both types of admixtures.
- *Chemical admixtures for mortar*
58. The Parties submitted that all chemical admixtures are used to modify the properties of the cement component of the final product (whether concrete, mortar or cement itself).⁴¹ The Parties submitted that there is both demand-side and supply-side substitutability between these types of chemical admixtures.⁴²
59. Information received from third parties is consistent with the Parties' submissions regarding substitutability between admixtures for wet/paste mortars and concrete admixtures.⁴³
60. However, the views of third parties indicate limited demand-side substitutability between chemical admixtures for dry mortars and other cementitious materials. One large customer of concrete admixtures told the CMA that, as dry mortar admixtures are specifically engineered for that purpose, they would not be able to meet its requirements.⁴⁴
61. On the supply-side, the Parties told the CMA that switching production to admixtures for dry mortar would involve additional costs of between £[<] for drying equipment.⁴⁵ The CMA further understands that there is less overlap between suppliers of chemical admixtures for dry mortars and other cementitious products. Neither Party manufactures chemical admixtures for dry mortar in the UK, and the

³⁹ For example, Oscrete and MBCC both produce concrete admixtures in the UK, but do not produce cement admixtures (MBCC produces cement admixtures outside the UK but does not produce or import cement admixtures in/into the UK).

⁴⁰ For example a Third Party indicated that it deprioritised the supply of cement admixtures in part because of the small size of the market [<].

⁴¹ FMN, paragraph 121.

⁴² On the demand-side, the Parties submitted that many of the same admixture formulations used in the production of concrete can also be used in the production of wet/paste mortars. On the supply-side, the Parties submitted that they would not face any significant additional cost to switch their production facilities from the production of cement and concrete admixtures to admixtures for wet/paste mortars, which are also used in the production of concrete. FMN, paragraphs 122-126.

⁴³ Note of a call with a Third Party; [<].

⁴⁴ Note of a call with a Third Party.

⁴⁵ FMN, paragraphs 124-125.

CMA understands that a number of suppliers of chemical admixtures for dry mortar, such as Synthomer, Bostik and Henkel, are not active in the supply of other admixtures.⁴⁶

62. The CMA therefore considers the frame of reference should not be widened to include chemical admixtures for mortar, other than those admixtures that are identical to those used in the production of concrete (ie wet/paste mortars). In any event, the CMA does not consider that its competitive assessment would differ if these admixtures were included in its frame of reference as it understands that the total demand of mortar admixtures is less than 5% of the total demand for cement and concrete admixtures in 2021.⁴⁷

- *Conclusion on product scope*

63. Based on the evidence above, the CMA believes that the relevant product scope is chemical admixtures for cement and concrete (including wet or paste mortar admixtures which are identical to concrete admixtures).

Geographic scope

64. The Parties submitted that, in line with previous European Commission decisions,⁴⁸ the relevant geographic market is the UK.⁴⁹

65. The evidence gathered by the CMA is consistent with the Parties' submissions that the appropriate frame of reference is national in scope.

66. Most large customers of chemical admixtures award national contracts to suppliers to supply the majority of their requirements across all their locations in the UK.⁵⁰

67. Moreover, a number of customers told the CMA that they would not rely on imports for a significant proportion of their chemical admixtures supply needs because of concerns about security of supply,⁵¹ although they may import cement admixtures or specialty products in small quantities or on an infrequent basis.⁵² The large majority of respondents to the CMA's competitor questionnaire indicated that local

⁴⁶ [redacted].

⁴⁷ [redacted].

⁴⁸ Case COMP/M.7498 *Compagnie de Saint Gobain / Sika*, Commission decision of 22 July 2015, paragraph 106; Case COMP/M.9276 *Sika / Parex*, Commission decision dated 22 March 2019, paragraphs 78, 80 and 81; and Case COMP/M. 9736 – *Lone Star / BASF Construction Chemicals (EB) Business*, Commission decision dated 27 July 2020, paragraph 21.

⁴⁹ FMN, paragraphs 132-133.

⁵⁰ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

⁵¹ Note of a call with a Third Party; note of a call with a Third Party; note of a call with a Third Party.

⁵² Note of a call with a Third Party; and note of a call with a Third Party. The CMA understands that customers' volume requirements for cement admixtures are typically much lower than for concrete admixtures: Third Party responses to the CMA's questionnaire (Cement admixtures; Competitor questionnaire). The CMA notes that [redacted] and [redacted] (both large suppliers of cement admixtures) currently import all the cement admixtures that they supply in the UK from mainland Europe.

production, sales and distribution are important barriers in supplying customers of chemical admixtures in the UK,⁵³ as the cost of transporting finished chemical admixtures makes it more difficult to be competitive on price with imported products.⁵⁴

68. The CMA therefore considers that the relevant geographic frame of reference is the UK. The CMA has nevertheless taken into account evidence on geographic aspects of competition, particularly constraints from imports into the UK in its competitive assessment.

Conclusion on frame of reference

69. For the reasons set out above, the CMA believes that the relevant frame of reference is the supply of chemical admixtures for cement and concrete (including certain mortar admixtures which are identical to concrete admixtures) in the UK.

COMPETITIVE ASSESSMENT

Shares of supply

70. The Parties estimated the shares of supply for Saint-Gobain and GCP in chemical admixtures in the UK to have been [10-20]% and [10-20]%, respectively, in 2021.⁵⁵ The Parties submitted that the Merged Entity's share of [20-30]% is modest and that there will continue to be a number of significant and well-resourced competitors post-Merger.⁵⁶
71. The CMA produced its own share of supply estimates by obtaining sales revenue data directly from the Parties and other suppliers of chemical admixtures active in the UK. The CMA received revenue data from all but three small suppliers identified by the Parties and third parties as active in the supply of admixtures in the UK. On a conservative basis, the CMA has adopted the highest share estimates provided by third parties for these suppliers.
72. The CMA estimates that Saint-Gobain's and GCP's shares of supply were [10-20]% and [5-10]%, respectively, in 2021 (as shown in Table 1 below).⁵⁷ The CMA's share

⁵³ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

⁵⁴ Note of a call with a Third Party; note of a call with a Third Party; and note of a call with a Third Party; Third Party response to Chemical admixtures: Competitor questionnaire.

⁵⁵ FMN, Table 4. The Parties estimated the size of the chemical admixtures market to have been £[<] in 2021 when including chemical admixtures for cement and concrete and excluding chemical admixtures for mortar.

⁵⁶ FMN, paragraph 160.

⁵⁷ The CMA's estimates for Saint-Gobain and GCP's shares of supply in 2021 are based on the Parties' revenues from the sale of chemical admixtures for cement and concrete, as set out in FMN, Table 4, and the size of the chemical admixtures market being £[<]million when excluding self-supply by admixture customers in the UK.

of supply estimates for the Parties are broadly consistent with the submissions made by the Parties.

Table 1: Shares of supply in chemical admixtures in the UK (2021)

Supplier	Share of supply
Saint-Gobain (Chryso)	[10-20]%
GCP	[5-10]%
<i>Merged Entity</i>	<i>[20-30]%</i>
Sika	[20-30]%
MBCC	[20-30]%
Oscrete	[5-10]%
Cementaid	[0-5]%
Cemex	[0-5]%
David Ball Group	[0-5]%
Fosroc	[0-5]%
Larsen	[0-5]%
Mapei	[0-5]%
MC-Bauchemie	[0-5]%
Normet	[0-5]%
ProcterJohnson	[0-5]%
Schomburg	[0-5]%
Other*	[0-5]%
Total	100%

Source: CMA analysis of Saint-Gobain's response to the CMA RFI 4 and GCP's response to the CMA RFI 4; and third party responses to the CMA's revenues questionnaire.

* The CMA was unable to obtain sales revenue data from three suppliers identified by third parties as being active in the UK ([§<]).

73. Table 1 shows the Merged Entity would have a share of supply of [20-30]%. Although the market post-Merger would be relatively concentrated,⁵⁸ the Parties' combined shares of supply are modest, and the Merged Entity would be the third-largest supplier behind Sika and MBCC.
74. The CMA considers that in markets where there is differentiation across products or suppliers; or where customers have diverse preferences, shares of supply alone may not provide an accurate indication of closeness of competition.⁵⁹ As such, the CMA has considered evidence on other indicators of closeness of competition that reflect customer preferences and the differentiation between chemical admixtures and chemical admixture suppliers.

Closeness of competition between the Parties

The Parties' submissions

⁵⁸ Post-Merger, the Merged Entity and its three largest rivals would represent around [70-80]% of the supply of chemical admixtures in the UK.

⁵⁹ [Merger Assessment Guidelines \(CMA129\)](#), paragraphs 4.14 and 4.15.

75. The Parties submitted that there is no particular closeness of competition between the Parties as admixtures are fundamentally commodity products.⁶⁰
76. The Parties also submitted that there are important differences between the Parties with regard to:
- (a) innovation capabilities, because GCP's capabilities are limited as a result of underinvestment in R&D with [X]; while Saint-Gobain has [X] and has released a number of new admixture products with [X] in its development pipeline;⁶¹
 - (b) in-house polymer production capabilities, because, unlike Saint-Gobain and most other admixture suppliers, GCP is not vertically integrated with polymer production which limits its ability to customise admixtures at the polymer level, increases costs and increases reliance on third party polymer suppliers to develop new polymers;⁶² and
 - (c) customer portfolios, because while Saint-Gobain's focus is on [X], GCP focuses on [X] including as a secondary supplier to other large customers.⁶³
77. The Parties pointed to opportunities data compiled in response to a CMA request for information as evidence that they are not particularly close competitors.⁶⁴

The CMA's assessment

78. The CMA's assessment of closeness of competition is necessarily relative to other competitive constraints remaining in the market.⁶⁵ The CMA has conducted its assessment of the closeness of competition between the Parties relative to the Parties' two largest competitors, Sika and MBCC.

Extent to which admixtures are commodity products

79. In relation to the Parties' submissions that they are not close competitors because admixtures are fundamentally commodity products, the CMA found that there is significant differentiation both in relation to admixtures themselves as well as the capabilities of suppliers (for example in terms of customer support levels, technical expertise and logistics capabilities).
80. First, third-party evidence suggests that chemical admixtures can be differentiated based on quality and performance. One customer noted that for each type of cement admixture it uses, there is only one product available on the market that is

⁶⁰ Issues Letter Response dated 3 September 2022 (ILR) paragraphs 2.2, 2.7, 7.9 and 9.27.

⁶¹ ILR, paragraphs 3.30-3.37.

⁶² ILR, paragraph 6.1-6.3.

⁶³ ILR, paragraphs 5.1-5.7.

⁶⁴ ILR, paragraphs 4.7-4.19.

⁶⁵ [Merger Assessment Guidelines \(CMA129\)](#), paragraph 4.10.

suitable for its particular requirements.⁶⁶ Similarly, several concrete admixtures customers told the CMA that the variation in quality and performance between admixtures results in some products being more or less suitable depending on the customer's requirements and particular aggregate mix.⁶⁷ The CMA understands that suppliers also customise admixtures to optimise performance based on a customer's specific needs.⁶⁸ Suppliers also create bespoke admixtures for major infrastructure projects.

81. This is consistent with the Parties' own description of their products, including in internal documents, which reference 'differentiated' or 'unique' chemical admixtures.⁶⁹
82. Second, large customers also told the CMA that it is essential that their chemical admixture supplier(s) have advanced innovation and product development capabilities to ensure that they have access to the latest products and can maintain their competitive edge.⁷⁰
83. The CMA considers that the Parties' submissions regarding the homogenous nature of admixtures is at odds with their submissions on the relevance of innovation as a differentiator between them. The purpose of innovation in this context is largely to develop a new admixture, or to improve an existing one – both of which imply that not all admixtures are the same.
84. Third, as set out in paragraphs 44-45 above, customers told the CMA that a broad range of factors determine their choice of chemical admixture supplier. Suppliers of chemical admixtures are differentiated across these parameters. For example, only some suppliers are capable of supplying the large volumes required by large customers across their network of sites.
85. The CMA therefore considers that the Parties' position that there can be no particular closeness of competition between them, because of the homogenous nature of admixtures, is not supported by the available evidence.

Innovation

86. In relation to the Parties' innovation capabilities, there is evidence that GCP's position as an innovator in chemical admixtures has declined since it was spun-off from W.R. Grace & Co Group in 2016. In the last four years, [REDACTED].⁷¹ In addition, GCP does not have [REDACTED],⁷² and its recent product launches (which have been limited)

⁶⁶ Note of a call with a Third Party.

⁶⁷ Note of a call with a Third Party; note of a call with a Third Party; note of a call with a Third Party.

⁶⁸ Annex 183 to FMN, page 12; note of a call with a Third Party.

⁶⁹ For example Annex 442 to FMN, [CHRYSO@Quad Solutions - YouTube](#).

⁷⁰ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire); note of a call with a Third Party; note of a call with a Third Party.

⁷¹ ILR, Figure 3.

⁷² ILR, paragraph 3.33(b).

have [X].⁷³ This decline in GCP's innovation capability is reflected in the Parties' internal documents. For example, GCP's own SWOT analysis identified its [X].⁷⁴ This is consistent with a competitor benchmark prepared by Saint-Gobain in April 2021, which describes '[X]' as a '[X] weakness' of GCP and notes that GCP's '[X]'.⁷⁵ Similarly, when Chryso considered [X] it observed that '[X]'.⁷⁶

87. By contrast, Saint-Gobain (Chryso) has [X] innovation and R&D projects currently in the pipeline, including at least [X] active R&D projects relating to [X] and at least [X] R&D projects targeted at [X].⁷⁷ Saint-Gobain also has a track record of bringing innovative chemical admixture products to the market recently, such as its [X], which prompted [X] to develop a [X] product in competition.⁷⁸ GCP's competitive mapping of Chryso in 2021 identified [X].⁷⁹ As explained below, GCP's innovation capabilities also contrast with Sika and MBCC's strong capabilities in this area.
88. The CMA also understands that suppliers that self-supply their own polymers have a competitive advantage in relation to their product development capabilities as they can more easily develop and produce new or bespoke polymers, which improve the performance of chemical admixtures. The CMA notes that other suppliers such as Sika and MBCC have launched new products that are unique to the market as a result of development in polymers. Although the CMA notes that GCP has some internal R&D [X],⁸⁰ the CMA considers that GCP's lack of vertical integration with polymer production (in contrast to Saint-Gobain, Sika, MBCC and some smaller suppliers) impacts its innovation capabilities. Moreover, the CMA also considers that lack of vertical integration may impact on GCP's competitiveness due to costs and, in the context of global polymer shortages, its security of supply.

Customer focus

89. The Parties submitted that opportunity data collated in response to a CMA request for information shows that they do not compete closely. Specifically, the Parties submitted that the data shows that GCP participates in only a [X] small proportion of the business opportunities of Saint-Gobain (Chryso) (and *vice versa*), and that the Parties [X] (the [X] small number) of business opportunities in which they both participate.
90. The CMA considers that this evidence lacks probative value and has not attributed any weight to it because: (i) it is based on *ad hoc* data (ie data collated by the

⁷³ ILR, paragraph 3.33(a).

⁷⁴ Annex 9 to FMN, page 18.

⁷⁵ Annex 124 to FMN.

⁷⁶ Annex 4 to the ILR.

⁷⁷ ILR, paragraph 3.35.

⁷⁸ Annex 21 to the FMN, page 17.

⁷⁹ Annex 339, page 4. The CMA notes that the same analysis also identified Chryso's [X].

⁸⁰ Annex 84 to the FMN.

Parties for the purposes of the CMA's proceedings) that was found to contain significant inaccuracies when cross-checked against data provided by third parties;⁸¹ (ii) the values of the opportunities vary substantially, creating false equivalences when the data is analysed based on number of opportunities; and (iii) the data contains only two tenders run by large customers for main supply contracts for concrete admixtures in recent years so would be capable (even if accurate) of providing only very limited insight into competition between the Parties for large customer contracts.

91. As noted at paragraph 43 above, the majority of chemical admixtures in the UK are sold to a small number of concrete and cement producers. These large customers indicated that the Parties are among a small number of suppliers that have the scale and infrastructure to meet their needs.⁸² Large ready-mix concrete customers identified only GCP, Saint-Gobain (Chryso), MBCC and Sika as currently having the capacity and capability to meet their needs for chemical admixtures in the UK, while a [X] customer also identified Oscrete as a potential supplier. Consistent with this position, the Parties both participated in the only two significant tender processes to have been run by large customers ([X]) in recent years, with only [X] also competing for these opportunities.⁸³ The Parties' internal documents also show that they both target the same large customers.
92. However, since GCP [X], it is no longer the main supplier to any large customer. Moreover, [X].⁸⁴ [X].⁸⁵
93. In contrast, Saint-Gobain has [X] main supplier arrangement with [X], a large, national ready-mix customer. Other large customers are primarily served by Sika or MBCC as detailed further below.

Conclusion on closeness of competition between the Parties

94. For the reasons set out above, the CMA believes that although the Parties both target similar customers (including, in particular, larger customers), there are some differences between the Parties and that GCP is a materially weaker competitor than Saint-Gobain (and Sika and MBCC) in relation to its innovation capabilities and ability to serve large customers.

⁸¹ For example, compared with the dataset verified by the Parties, GCP is identified twice as many times as a competitor in Saint-Gobain's opportunities, while Saint-Gobain is identified more than twice as many times in GCP's opportunities. Further [X]. As such, the CMA considers it reasonable to expect that other estimates of participation overstate the Parties' interaction with other suppliers.

⁸² Note of a call with a Third Party; note of a call with a Third Party; note of a call with a Third Party; note of a call with a Third Party.

⁸³ Note of call with a Third Party, and email from a Third Party.

⁸⁴ Email from a Third Party.

⁸⁵ Note of call with a Third Party.

Competitive constraints from alternative suppliers of chemical admixtures

The Parties' submissions

95. The Parties submitted that there are numerous strong suppliers of chemical admixtures that will continue to compete with the Parties post-Merger.⁸⁶
- (a) the two suppliers larger than the Parties, Sika and MBCC, are both substantially stronger, having superior capabilities, capacity and reputation;⁸⁷
 - (b) other suppliers of a similar size, notably Mapei, Oscrete, and Cemex are equally capable as the Parties in meeting the needs of large customers;⁸⁸
 - (c) smaller suppliers such as Fosroc and MC-Bauchemie that are actively attempting to expand in the UK.⁸⁹

The CMA's assessment

96. The CMA has assessed the competitive constraint imposed by each of the suppliers identified by the Parties and other suppliers, both individually and in aggregate.
- *Sika*
97. The CMA estimates that Sika had a share of supply in chemical admixtures in the UK of [20-30]% in 2021. Post-Merger it would continue to be the largest supplier in the UK. Sika supplied a small volume of cement admixtures to UK customers in 2021 (less than 5% of its total chemical admixture sales) although it supplied greater volumes to UK customers in previous years.
98. The vast majority of respondents to the CMA's customer questionnaire indicated that Sika is a strong or very strong supplier and a large majority (a higher number of respondents than in relation to any other supplier, including the Parties) said that Sika is the strongest chemical admixture supplier currently active in the UK.⁹⁰ These customers told the CMA that Sika's strength comes from its size and scale, wide range of products, ability to support customers with technical expertise, and investment in innovation and R&D.⁹¹ All competitors considered Sika to be the strongest chemical admixture supplier currently active in the UK.⁹²
99. Sika is currently the main supplier to a number of large customers including [X]. [X].

⁸⁶ ILR, paragraph 7.9.

⁸⁷ ILR, paragraph 7.2(a), 7.18, 7.29

⁸⁸ ILR, paragraph 7.33, 7.37-7.40

⁸⁹ ILR paragraph 3.8(b), 7.22(c)-(d).

⁹⁰ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

⁹¹ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

⁹² Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

100. Third parties identified Sika, along with MBCC, as better equipped to address this innovation aspect of competition than other suppliers currently active in the UK.⁹³ One large customer noted that Sika and MBCC are the only suppliers that are capable of the levels of innovation required for it to meet its own sustainability targets.⁹⁴ Another customer said the leading positions of Sika and MBCC were, to a significant extent, due to their ‘strong R&D capabilities, advanced technical and customer-relation services’.⁹⁵
101. GCP’s internal documents note that Sika is a very aggressive competitor, with [REDACTED].⁹⁶ Both Parties monitor Sika in the ordinary course of business.
102. Taking this evidence in the round, the CMA considers that Sika would be a strong competitive constraint on the Merged Entity.
- *MBCC*
103. The CMA estimates that MBCC had a share of supply in chemical admixtures in the UK of [20-30%] in 2021. Post-Merger it would continue to be the second largest supplier in the UK. MBCC does not currently sell cement admixtures in the UK.
104. A large majority of customers told the CMA that MBCC is a strong or very strong supplier (only Sika was rated strong or very strong by more customers).⁹⁷ These customers said that MBCC’s strengths are its broad range of products, strong supply chain (including access to raw materials, such as polymers), and ability to successfully supply large ready-mix customers.⁹⁸ The vast majority of competitors told the CMA that MBCC is a very strong supplier. These competitors said that MBCC has a broad range of admixtures.⁹⁹ As noted at paragraph 100, MBCC was widely viewed as a leading innovator of chemical admixtures along with Sika.
105. MBCC currently supplies a number of large customers including, [REDACTED]. [REDACTED].
106. The Parties’ internal documents show that they monitor MBCC [REDACTED]¹⁰⁰ [REDACTED]. For example, GCP recently developed [REDACTED] aimed at replicating [REDACTED].¹⁰¹
107. Taking this evidence in the round, the CMA considers that MBCC would be a strong competitive constraint on the Merged Entity.
- *Oscrete*

⁹³ Note of a call with a Third Party, note of a call with a Third Party.

⁹⁴ Note of a call with a Third Party.

⁹⁵ Third Party submission of 23 June 2022.

⁹⁶ For example, Annex 443 to the FMN; Annex 371 to the FMN, page 15.

⁹⁷ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

⁹⁸ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

⁹⁹ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

¹⁰⁰ For example, Annex 291 to the FMN, and Annex 443 to the FMN.

¹⁰¹ Annex 457 to the FMN, page 98.

108. The CMA estimates that Oscrete had a share of supply in chemical admixtures in the UK of [5-10]% in 2021. The Parties' estimate of Oscrete share of supply was broadly consistent with this position. Oscrete does not produce cement admixtures.
109. Customer views on the strength of Oscrete were mixed. Some respondents to the CMA's customer questionnaire indicated that Oscrete is a strong or very strong supplier in the UK, while others indicated that Oscrete is a weak or very weak supplier of chemical admixtures.¹⁰² Oscrete was only mentioned by one large customer that was asked which admixture suppliers are able to successfully meet their requirements in the UK.¹⁰³ A large customer told the CMA that Oscrete is a local producer and is strong in some regions of the UK, such as Scotland, but is not comparable to the Parties, Sika or MBCC in its competitive strength.¹⁰⁴
110. Some respondents to the CMA's competitor questionnaire indicated that Oscrete is a strong supplier in the UK, with the same number stating Oscrete is a weak or very weak supplier of chemical admixtures.¹⁰⁵ One supplier told the CMA that it competes with Oscrete to supply pre-cast concrete producers with admixtures.¹⁰⁶
111. Unlike other larger suppliers, including the Parties, that generate most of their admixture revenues from ready-mix concrete producers, Oscrete focuses on the sale of admixtures to pre-cast concrete producers, which accounted for [60-80%] of Oscrete's chemical admixture sales in 2021.¹⁰⁷ [§<].¹⁰⁸
112. Oscrete told the CMA that it wants to grow its business by supplying more admixtures both to ready-mix and pre-cast concrete producers, but is currently facing significant challenges with scalability.¹⁰⁹ Although it has received interest from a larger customer, Oscrete said it does not have the capacity to serve that customer.
113. The CMA understands that Oscrete is likely to seek to expand by competing to become the secondary supplier for large customers particularly where regional contracts are let, given its track record supplying regional customers. The CMA notes in this respect that a number of large customers indicated that, although historically they have tended to prefer to have a single supplier nationally, in order to encourage competition and keep their supply options open, they will also consider multiple regional supply arrangements.¹¹⁰ The CMA notes that some evidence of this position can be observed in market trends, with [§<]. [§<].

¹⁰² Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

¹⁰³ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

¹⁰⁴ Note of a call with a Third Party.

¹⁰⁵ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

¹⁰⁶ Note of a call with a Third Party.

¹⁰⁷ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

¹⁰⁸ Note of a call with a Third Party.

¹⁰⁹ Note of a call with a Third Party.

¹¹⁰ Note of a call with a Third Party, note of a call with a Third Party.

114. Taking this evidence in the round, the CMA considers that, although Oscrete is currently structured to predominantly supply precast customers, it has broadly comparable capabilities to GCP– it is similar in size and is capable of fulfilling regional contracts. As such, the CMA considers that it would exert some constraint on the Merged Entity.
- *Mapei*
115. The CMA estimates that Mapei had a share of supply in chemical admixtures in the UK of [0-5]% in 2021. However, Mapei was the second largest supplier of cement admixtures to UK customers after GCP in 2021, with a [20-30]% share of supply.
116. Customer views on Mapei were mixed. Some respondents to the CMA’s customer questionnaire indicated that Mapei is a strong supplier in the UK, with a small number stating that Mapei is a weak or very weak supplier of chemical admixtures.¹¹¹ Mapei was only mentioned by one customer that was asked which admixture suppliers are able to successfully meet its requirements in the UK.¹¹² Mapei was not mentioned by any large customer that was asked which admixture suppliers are able to successfully meet its requirements in the UK.¹¹³ One large customer told the CMA that Mapei does not currently have the ability to meet its requirements at the volumes needed.¹¹⁴ Another large customer said that Mapei is a smaller, local supplier of chemical admixtures that has only just entered the UK and has a limited footprint.¹¹⁵ Another large customer said it would consider working with Mapei once it has settled and matured within the UK but that it could take two to three years for Mapei to go through its development process and establish it can supply its requirements.¹¹⁶
117. Around half of respondents to the CMA’s competitor questionnaire indicated that Mapei is a strong or very strong supplier in the UK, with the other half stating that Mapei is a weak or very weak supplier of chemical admixtures.¹¹⁷ A supplier told the CMA that Mapei is not strong in the supply of chemical admixtures to ready-mix concrete producers, having previously focused on the flooring and repair market in the UK.¹¹⁸ Another supplier observed that Mapei has recently expanded into chemical admixtures and that the consolidation in the market will likely give Mapei more opportunities in the UK.¹¹⁹

¹¹¹ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

¹¹² Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

¹¹³ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

¹¹⁴ Note of a call with a Third Party.

¹¹⁵ Note of a call with a Third Party.

¹¹⁶ Note of a call with a Third Party.

¹¹⁷ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire).

¹¹⁸ Note of a call with a Third Party.

¹¹⁹ Note of a call with a Third Party.

118. Mapei told the CMA that it is expanding in the UK and is currently in the process of setting up a local production facility.¹²⁰ Mapei currently imports finished chemical admixture products from Italy, which is one of the reasons why it considers that it needs to establish a manufacturing site in the UK to compete more effectively with other local suppliers. Mapei's plan in the UK is to grow incrementally each year over a five-year period.
119. The Parties' internal documents demonstrate that Mapei is [REDACTED] monitored [REDACTED],¹²¹ [REDACTED].¹²²
120. The CMA considers that Mapei is a strong competitor to the Parties in cement admixtures and will become a stronger competitor in admixtures more generally after it establishes a local production facility to supply UK customers. Although the pace of its expansion will likely be limited, such that it is only likely to be in a position to compete as a secondary supplier to large customers to begin with, the CMA considers that this is not dissimilar to GCP's current capability.
121. Taking this evidence in the round, the CMA considers that Mapei would exert a growing constraint on the Merged Entity in the supply of chemical admixtures overall, and would be in a position to broadly replicate GCP's competitive constraint in the short-term, after its local facilities begin production. The CMA considers that Mapei exerts a stronger constraint in relation to cement admixtures.
- *Cemex*
122. The CMA estimates that Cemex had a share of supply in chemical admixtures in the UK of [0-5]% (excluding self-supply which has not been included in the CMA's market reconstruction). [REDACTED].
123. While Cemex was viewed as strong or very strong by more than one third of respondents to the CMA's competitor questionnaire,¹²³ only two respondents to the CMA's customer questionnaire indicated that Cemex was strong in the UK.¹²⁴ The CMA understands that the views of the Parties' competitors and customers diverge on the competitive strength of Cemex because customers do not consider Cemex as an effective alternative to independent chemical admixture suppliers given that they also compete against Cemex in the supply of cementitious products.¹²⁵ In particular, the CMA understands that customers would be concerned about having

¹²⁰ Note of a call with a Third Party.

¹²¹ See Annex 336 to the FMN, page 9; and Annex 121 to the FMN, page 10.

¹²² See for example, Annex 443 to the FMN, page 12.

¹²³ Third Party responses to the CMA's questionnaire (Chemical admixtures: Competitor questionnaire). Suppliers indicated to be strong or very strong by more than one respondent are listed.

¹²⁴ Third Party responses to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

¹²⁵ Third Party response to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

to disclose commercially sensitive information regarding their aggregates mix to a competitor.

- *Other suppliers*

124. The Parties identified the expansion potential of both Fosroc and MC-Bauchemie.¹²⁶

125. The CMA has not received any evidence to indicate that either firm could overcome the barriers to expansion to become a material constraint on the Merged Entity in the short- to medium-term, particularly for large customers given that they are both significantly smaller than either Party at present.¹²⁷ In particular, [redacted].¹²⁸ [redacted].¹²⁹

Conclusion on competitive constraints from alternative suppliers of chemical admixtures

126. Based on the evidence set out above, the CMA considers that Sika and MBCC, which are the strongest suppliers of chemical admixtures in the UK, would be strong competitive constraints on the Merged Entity. The CMA also considers that Oscrete and Mapei (once its UK production plant is up and running), while smaller than Sika and MBCC, would have broadly comparable capabilities to service customers as GCP and would therefore also provide some constraint on the Merged Entity. The CMA does not consider there are any other suppliers that would exert a material competitive constraint on the Merged Entity.

127. The CMA therefore considers that the Merged Entity would be sufficiently constrained by alternative suppliers to prevent competition concerns from arising.

Conclusion on horizontal unilateral effects

128. For the reasons set out above, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of chemical admixtures in the UK.

¹²⁶ FMN, paragraphs 161 (table 8) and 286.

¹²⁷ The CMA estimates that the shares of supply for Fosroc and MC-Bauchemie are [0-5]% and [0-5]% respectively, while the Parties' estimated them each to account for [redacted]% of the market.

¹²⁸ Note of a call with a Third Party; note of a call with a Third Party; note of a call with a Third Party.

¹²⁹ Third Party response to the CMA's questionnaire (Chemical admixtures: Customer questionnaire).

DECISION

129. Consequently, the CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the United Kingdom.
130. The Merger will therefore **not be referred** under section 33(1) of the Act.

Colin Raftery
Senior Director, Mergers
Competition and Markets Authority
22 September 2022

ⁱ The Parties subsequently told the CMA that, although included as a condition precedent, merger control filings were ultimately not considered necessary or appropriate in a number of jurisdictions.