

BRITISH AGGREGATES ASSOCIATION

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British Aggregates Association Launches Cement Market Investigation

The British Aggregates Association, BAA, has brought in a specialist firm to investigate claims that the UK cement market is not operating properly. The move is in response to a the growing number of complaints being received about material shortages, high prices and a perceived lack of genuine competition among suppliers.

Association director Robert Durward;

"For some time now we have been getting reports of independent companies experiencing difficulty in getting competitive prices for cement. Although the ready-mix sector has experienced the biggest problems, the pre-cast sector is also being hit by high prices and supply side difficulties. This raises a number of competition issues and we have therefore brought in CDC to investigate the matter further."

Cartel Damage Claims SA (CDC) www.cdcag.com/english/profil.html is currently seeking over 200 million Euros compensation on behalf of 29 German companies following a successful state prosecution. The company uses formalised data collection to enable all evidence gathered to be used in any consequent legal action. Such action can either be handled by CDC on behalf of the aggrieved parties or, as in Germany and Poland, by the appropriate competition authorities.

The global supply of Ordinary Portland Cement (OPC) is now dominated by six international companies, Cemex, Holcim, Heidelberg, Lafarge, CRH and Dyckerhoff with other companies such as Anglo-American and Hanson playing a lesser but still important part. Although recent cement shortages have been exacerbated by technical issues, the problems of price and supply in the cement market are longstanding.

Robert Durward;

"The recent acquisition of two of the major UK quarry companies by international cement manufacturers would appear to be adding to the pressure already being felt by the independents. However, the German convictions were a major turning point and it is significant that the delivered price of cement in Germany, at around 48 Euros, is now less than half that being paid by independents in the UK."

The UK cement industry is made up of four manufacturers: Buxton Lime Industries, (Anglo-American) Castle Cement, (Heidelberg) Cemex UK Cement and Lafarge Cement who together operate 15 major plants across the country. Another multi-national cement manufacturer, Holcim, recently acquired Aggregate Industries. This means that, of the UK's five major quarry companies, only Hanson does not have access to in-house OPC. However, Hanson recently acquired Civil & Marine which produces cement substitutes from five UK slag grinding plants. Hanson also has OPC plants in Australia and America and is well placed to have reciprocal deals with other producers where they do not themselves manufacture. The UK cement industry manufactures around 12 million tonnes of cement at 15 major plants across the country. A further 1.5 million tonnes is imported through various terminals. Further background information can be obtained from the British Cement Association (BCA) website <http://www.cementindustry.co.uk/>

The British Aggregates Association is also asking for anyone with experience of this type of problem to contact them direct.

ENDS:

Notes for editors;

1.

CDC, working together with the law firm OPPENLÄNDER Rechtsanwälte in Stuttgart, has brought an action for damages against the six leading members of the German Cement Cartel before the Regional Court (*Landgericht*) of Düsseldorf (34 O (Kart) 147/05). The Federal Cartel Office had imposed fines totalling 702 million Euro on the defendants in April 2003

2.

"RPT Lafarge fined 17 million Euros for Corsica cement antitrust behaviour" **12 March 2007**

<http://www.forbes.com/afxnewslimited/feeds/afx/2007/03/12/afx3508148.html>

3. "Polish cement producers raided" **22 June 2006**

http://www.uokik.gov.pl/en/press_office/press_releases/art53.html

4.

"German cement cartel smashed, lighter fine for RMC after blowing whistle" **April 15 2003** <http://www.guardian.co.uk/germany/article/0,2763,936826,00.html>

5.

A hard hitting article looks at the wider picture

<http://www.downwindersatrisk.org/DARNCKCTheSultansOfCement.htm>

6.

Serious import problems Mexico

http://www.economicswithaface.com/weblog/archives/2004/12/pricey_stuff.html

7.

"*New Economy Old Competitive Policy*," Richard Whish, Professor of Law, Kings College London "The only countries in which I had been unable to find the cement cartel is where there is a national state owned monopoly for cement".

http://www.jamaicaobserver.com/columns/html/20060729t210000-0500_110465_obs_the_mighty_cement_cartel_.asp

8.

Further information is available on request from the association.

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