

***Case No COMP/M.3713 -
HOLCIM / AGGREGATE
INDUSTRIES***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 14/03/2005

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14.03.2005

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PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sir/Madam,

**Subject: Case No COMP/M.3713 – Holcim / Aggregate Industries
Notification of 07.02.2005 pursuant to Article 4 of Council Regulation
No 139/2004¹**

1. On 07.02.2005, the Commission received a notification of a proposed concentration by which the undertaking Holcim Participations (UK) Ltd (Switzerland), belonging to Holcim Ltd. (“Holcim”, Switzerland) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the undertaking Aggregate Industries plc (“AI”, UK) by way of public bid announced on 20 January 2005.

I. THE PARTIES AND THE OPERATION

2. Holcim is a world-wide supplier of cement, aggregates, ready-mixed concrete and, to a limited extent, pre-cast concrete products.
3. AI is based in the UK and produces mainly aggregates, ready-mixed concrete, pre-cast concrete products, asphalt and other building materials. It also makes limited cement sales in the UK.

¹ OJ L 24, 29.1.2004 p. 1.

4. Holcim, pursuant to a recommended cash offer, will acquire through its subsidiary Holcim Participations (UK) Ltd (created for the purposes of making this acquisition) the entire issued share capital of AI.

II. COMMUNITY DIMENSION

5. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion². Each of Holcim and AI has a Community-wide turnover in excess of EUR 250 million, but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

III. COMPETITIVE ASSESSMENT

Relevant Product and Geographic Markets

6. The product markets in which both parties are active are the following ones: (i) white cement, (ii) grey cement, (iii) aggregates, (iv) ready-mixed concrete and (v) pre-cast concrete products.
7. White and grey cement: the Commission has previously³ defined white and grey cement as single, separate relevant product markets. Regarding the relevant geographic markets, for white cement it has been defined as at least EEA whereas for grey cement it has been considered as national or EEA, leaving the final definition open⁴. The same market definitions are taken for the purpose of this decision.
8. Aggregates: In previous decisions, the Commission has defined aggregates as a single relevant product market. From the geographic point of view, it has been considered⁵ local/regional covering an area of a circle with a 30 mile (or 48 km) radius from the production plant, or at most national. The exact market definition can be left open in this case because in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of it.
9. Ready-mixed concrete (produced from aggregates, cement and water): it has also been previously defined by the Commission as a single, distinct relevant product market⁶.

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

³ COMP/M. 3572 – Cemex/RMC, COMP/M.3415 – CRH/SEMAPA/Secil JV and COMP/M.2317 – Lafarge/Blue Circle (II).

⁴ COMP/M.2317 – Lafarge/Blue Circle (II).

⁵ COMP/M.2317 – Lafarge/Blue Circle (II), COMP/M.3415 - CRH/SEMAPA/Secil JV.

⁶ COMP/M.CRH/SEMAPA/Secil JV; COMP/M.3267 – CRH/Cementbouw; COMP/M.3259 – CRH/CVC/Cementbouw; COMP/M.3141 – Cementbouw/ENCI/JV; COMP/M.2317 – Lafarge/Blue Circle (II); COMP/M.1874 – Lafarge/Blue

With respect to its geographic scope, it can be only transported over short distances due to its short life-cycle. In previous decisions⁷ the relevant geographic market has been defined as the area covered by a radius from the production plant of around 25-30 km, although it might vary depending on the transport conditions. The same market definitions are taken for the purpose of this decision.

10. Pre-cast concrete products (such as concrete building and paving blocks produced by AI) and concrete roofing tiles: the Commission has considered these markets as single, separate relevant product markets, the relevant geographic market for them being national⁸. In a previous decision⁹, the Commission found concrete building blocks to constitute a distinct product market, but left the precise geographic market open, finding it to be national at most, but possibly regional or local. In this case the final definition can be left open since the transaction will not give rise to competitive concerns whatever definition is chosen.

Assessment

Horizontal overlaps

11. Taking into account the market definitions given above, the transaction does not give rise to affected markets.
12. AI is active in white cement, grey cement and ready mixed concrete only in the UK, where Holcim has only the *minimis* presence in grey cement. After the transaction, the combined market share for each of these three markets will be well below 15%.
13. Regarding aggregates, both parties are active in Germany and the Netherlands; however their activities do not overlap at any geographic market (radius of around 50 km from production plants). There are neither cross border overlaps.
14. With respect to pre-cast concrete products, the only overlap occurs in the Netherlands, but their combined market share at national level is below [1-10%].

Vertical Relationships

15. The only vertical relationship which gives rise to a vertical affected market is the supply of aggregates in the Hamburg region (Germany). In this region AI is active in the supply of aggregates whereas Holcim has a market share in the downstream market of ready-mixed concrete of [25-35%].
16. However, AI's market share in the aggregates market in this region is below [1-10%]. In addition, if the overall aggregates consumption (not only for the production of

Circle; COMP/M.1827 – Hanson/Pioneer; COMP/M.1779 – Anglo American/Tarmac; COMP/JV.29 – Lafarge/ReadyMix; IV/M.1759 – RMC/Rugby; IV/M.1157 – Skanska/Scancem; and IV/M.1030 – Lafarge/Redland.

⁷ COMP/M. 3572 – Cemex/RMC.

⁸ COMP/M.2317 – Lafarge/Blue Circle (II).

⁹ COMP/M.1779 – Anglo American/Tarmac.

ready-mixed concrete but also for the production of other concrete products such as building blocks) in Hamburg is taken into account, Holcim accounts for only [10-20%] of total aggregates demand. Therefore, due to the very limited presence of AI in aggregates, any foreclosure effects or other negative effects on competition can be excluded.

IV. CONCLUSION

17. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EC) No 139/2004.

For the Commission

Signed
Neelie KROES
Member of the Commission