

British Aggregates Association

Press Release 9 September 2010 – Immediate

BAA Welcomes OFT Investigation into UK Aggregates Market

The British Aggregates Association (BAA) today welcomes the announcement by the OFT that it is to open an investigation into the UK aggregates market. The BAA has already made a number of submissions to the OFT with regard to the marketing of dry aggregates, ready - mix concrete and asphalt products. The association is also assisting the OFT, the Competition Commission and the EU Competition Directorate with the ongoing investigation into the UK cement supply chain.

The BAA's primary concern is the UK market domination by five world players; Anglo American, Holcim, Heidelberg, Lafarge and Cemex. Environmental, logistical and social factors indicate that aggregates should be produced as locally as possible. This reduces delivery mileages and underpins local economies. However, the opposite has happened with the majors buying out and closing down viable quarries. The majors also practice vertical integration which effectively disadvantages SME producers.

There are other areas where the BAA will advise the OFT. One of these being an archaic planning system which fails to take proper account of competition issues. This has allowed the majors to dominate the consented reserve landbank in many areas as well.

The continuing illegal State Aid of the Aggregates Levy, which skews the market for primary and secondary aggregates as well as stimulating imports, is a major problem and the rising tide of inappropriate EU driven legislation yet another. These factors, in addition to the lack of proper competition, have resulted in some areas of the UK having the most expensive aggregates in Europe, despite them often having substantial mineral reserves.

Association director Robert Durward;

"An investigation of the UK aggregates market is overdue and is something we have long called for. In areas of the country where few independent companies remain prices are a great deal higher. The majors therefore have the ability to use this revenue stream to subsidise their activities in other areas to the detriment of smaller operators. The Minerals Products Association's response to the OFT announcement - defending the status quo in minerals planning - disregards the plight of smaller companies."

ENDS:

Notes for editors;

1. copy of letter received from OFT

The Office of Fair Trading ('the OFT') is conducting a market study into the UK aggregates sector.

We would like to meet with key stakeholders at all levels of the market, and we have identified the British Aggregates Association as a key stakeholder. We are keen to meet with you to clarify our understanding and gain your perspective of the issues in this market.

Please find below links to the press release announcing the launch of our study into aggregates, the accompanying questions and answers and the aggregates market study webpage.

<http://www.offt.gov.uk/news-and-updates/press/2010/93-10>

<http://www.offt.gov.uk/OFTwork/markets-work/current/aggregates/>

http://www.offt.gov.uk/shared_offt/market-studies/aggregates-QAs.pdf

We are also keen to receive written submissions with your views by **Friday 15 October**. These should be sent to aggregates@oft.gsi.gov.uk, or posted to:

Aggregates Market Study,
Office of Fair Trading,
Level 2C,
[Fleetbank House, 2-6 Salisbury Square,](#)
[London EC4Y 8JX.](#)

We will be in touch shortly to arrange a time to meet with you and we look forward to engaging with you in this study.

2. The British Aggregates Association is the recognised trade body for independent SME aggregate producing companies.
3. [Daily Telegraph](#) report on OFT announcement 8 September 2010
4. [OFT raids](#) UK cement company offices Nov 2008

Contacts;

Association Director - Robert Durward [01555 663 444](tel:01555 663 444)

Association Executive Officer - Richard Bird [07776 298 347](tel:07776 298 347)

Association Secretary - Peter Huxtable [01433 639 879](tel:01433 639 879) / [07711 492 378](tel:07711 492 378)