

BRITISH AGGREGATES ASSOCIATION

Press Release – 17th May 2008 - Immediate

Cement Cartel Success Boosts UK Claims

Investigators gathering evidence over alleged cement price fixing in the UK have been boosted by Heidelberg, Lafarge, Holcim, Cemex and three other cement producers losing their court bid in Germany to throw out a lawsuit over a price-fixing cartel.

The lawsuit, filed by Cartel Damage Claims (CDC) SA, is seeking over 350million euros – including interest at 8% – in damages for around 35 unnamed companies after a 2003 investigation found the six cement firms had colluded on quotas and geographical regions in a cartel stretching back to the 1970s.

The British Aggregates Association (BAA) has charged CDC with investigating cement cartels in the UK. BAA director Robert Durward said today that the result was very good news.

In a statement the Dusseldorf court wrote: "As far as the admissibility of the claim is concerned, the claimant has provided sufficient evidence for its calculation and the minimum damage it claims." Since the decision on Wednesday, other firms in Germany have come forward joining those seeking damages.

CDC's Seamus Maye hopes this decision will now help fuel further action in the UK. *"The producers claim that this is only the beginning of the action but having already been convicted of the original offence they are on thin ice. We expect that the German court vindication of CDC's methodology, coupled with the recent Office of Fair Trading (OFT) offer of "up to £100,000" for whistleblowers will greatly help in bringing UK cement prices into line with the continent."*

However he warns that greater political will is needed from the OFT if cement cartels in the UK are to be tackled *"Firms are hesitant to come forward. If they could see the state backing them up it would make all the difference."*

Some see Professor Richard Whish being installed as a non-executive director at the trade watchdog last year as a sign attitude may be starting to change. The professor of law at Kings College, London, held a range of lectures around the world in which he made his views about the existence of cement cartels clear. He said: *"The first thing I say to the students is, every system of competition law will deal with cartels and the first thing for any new competition regulator is to go out and find the cement cartel. Because my experience of this subject is, it is always there, somewhere. 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."*

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Notes for editors:

1. Holcim, HeidelbergCement Lose Bid to Dismiss Lawsuit – Bloomberg, 14th May 2008 <http://www.carteldamageclaims.com/english/press.htm>
2. Argument continues over cement investigation - *Quarry Management* - September 2007 <http://www.british-aggregates.co.uk/news/doc84.pdf>
3. BAA Press Release July 2007 - A Trade Association with too much Information <http://www.british-aggregates.co.uk/news/doc81.pdf>
4. Call for OFT cartel probe into concrete and cement - *Construction News* - 5 July 2007 <http://www.british-aggregates.co.uk/news/doc78.pdf>
5. BAA Press Release – March 2007 - British Aggregates Association Launches Cement Market Investigation. <http://www.british-aggregates.co.uk/news/doc70.pdf>
6. "*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/20060729t2100000500_110465_obs_the_mighty_cement_cartel_.asp