

# 12345

## Australian Competition and Consumer Commission Mergers Public Register

<b>Acquirer:</b>	Barro Group Pty Ltd Adelaide Brighton Cement Limited
<b>Target:</b>	Independent Cement & Lime Pty Ltd
<b>Initiation:</b>	Parties
<b>Market Definition:</b>	Eastern States (NSW, Vic, Qld, SA, Tas) market for bulk cement.
<b>Merger Type:</b>	Horizontal / Vertical
<b>Guidelines Thresholds:</b>	Crossed
<b>Imports Above 10%:</b>	No
<b>Summary:</b>	Barro and Adelaide Brighton Cement propose to raise thier minority interests in Independent Cement and Lime Unit Trust to 50% each. They also propose that ICL become the sole distributor of Adelaide Brighton's cement in Victoria and southern N.S.W.

### **Competition Analysis:**

There are two elements to this proposal. One is a purchase of the minority interests in Independent Cement and Lime and the other is a supply arrangement whereby Independent Cement and Lime will be the only distributor of Adelaide Brighton Cement in Victoria and southern New South Wales. Consequently Adelaide Brighton Cement will withdraw from the distribution of cement in these areas.

The acquisition would raise Barro and Adelaide Brighton's interests from about 46% and 38% respectively to 50% each. This is unlikely to substantially lessen competition because the two companies already control Independent Cement and Lime.

Through the common ownership and the supply arrangements Adelaide Brighton Cement, Independent Cement and Lime and the Barro Group's pre-mix operations are already highly vertically integrated chain of cement production, distribution and concrete pre-mixing. Boral and Blue Circle also operate a vertically integrated production, distribution and pre-mix operation. Independent pre-mix operators and other users of cement currently can and do buy cement from both these sources, directly from Blue Circle and Adelaide Brighton Cement and from Adelaide Brighton Cement through Independent Cement and Lime. Pioneer and CSR in conjunction with Australian Cement Holdings also produce, distribute and batch into Victoria.

The Commission decided that the supply arrangement was unlikely to substantially lessen competition because: - Adelaide Brighton Cement does not have a large share of distribution in Victoria; - Adelaide Brighton Cement and Independent Cement and Lime are not vigorous competitors; - Independent pre-mix operators have the option of buying from Blue Circle; and - Competition from Pioneer, CSR and Boral to supply pre-mix concrete tends to constrain cement pricing by Adelaide Brighton Cement and Independent Cement and Lime for pre-mix operators.

<b>Outcome:</b>	Not Opposed	<b>Resolution:</b>	N/A
<b>Date Raised:</b>	17-Apr-1997	<b>Date Closed:</b>	20-Jun-1997