

12 March 2007: Supply and distribution of cement in Corsica

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Conseil de la concurrence imposes fine of €25 million on cement manufacturers Lafarge and Vicat, and their distributors, for keeping for themselves the supply of Corsica to the detriment of foreign competitors

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Following a referral by the Minister of Economy in June 2000, the Conseil de la concurrence issues today its decision, which penalizes two French cement manufacturers (Lafarge and Vicat) for having agreed with their main distributors in Corsica to reserve for themselves the supply of Corsica and to hinder cement importation in particular from Greece and Italy.

There is no cement manufacturer in Corsica and any cement, which is distributed has to be transported by sea. Most of the cement used is produced in the areas of Marseilles and Nice.

The Conseil penalized two agreements which organised the exclusive supply of the Island with cements from Lafarge and Vicat and prevented competitors, notably Greeks and Italians to expand on the market

The Conseil considered that Lafarge, Vicat and the Union of distributors-wholesalers had concluded a draft agreement (1) holding that Union members would stock up cement from Lafarge and Vicat for most of their needs and this for a minimum of four years. The agreement, which was tacitly renewed, artificially restricted competition on the market for the supply of cement and closed the access to these markets for Greek and Italian competitors, whose prices were on average 20% lower.

Besides, the Conseil considered that the signing of an agreement (2) , in which two cement manufacturers granted an economic interest group gathering the distributors-wholesalers from the region of Haute-Corse for a 30 year period, the exclusive exploitation of storage and packing infrastructures for cement of Bastia harbour. Indeed the agreement protected the economic interest group members from competition and reserved for Lafarge and Vicat the exclusive supply of cement, leading to a significant increase in prices in the region of Haute-Corse.

The Conseil also penalized a practice of reduction rewarding wholesalers who did not purchase imported cement as well as a special agreement between two wholesalers

The Conseil considered that some reductions, granted by Lafarge and Vicat to members of the Union and the economic interest group during certain periods between 1997 and 1999, were anticompetitive since they were granted under the sole condition that the benefiting wholesaler had not imported in Corsica other cement than the one produced by Lafarge and Vicat. Lastly, two wholesalers of Ajaccio have been condemned for having coordinated their prices.

The Conseil imposed penalties proportionate to the seriousness of the behaviours concerned and the importance of the damage caused to the economy of Corsica. The Conseil imposed on:

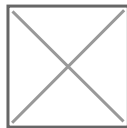
- Lafarge company, a €17 million fine ;
- Company Vicat, a € 8 million fine ;
- The economic interest group, a €15, 000 euro fine ;
- The Union of wholesalers for building material, a €15, 000 euro fine ;
- Simat Simongiovani company, a €70, 000 euro fine ;
- Gedimat Anchetti company, a €150, 000 euro fine.

(1) Agreement of May 6th 1999

(2) Delegation agreement of November 8th 1994

> Decision n° 07-D-08 of 12 March 2007 relative to practices implemented in

the sector of cement supply and distribution in Corsica



> See decision of the Paris Court of Appeal (6th May 2008)

> See decision of the Cour de cassation (Supreme court of appeals) - 7th July 2009

> See decision of the Paris Court of Appeal (15th April 2010)

> The ruling was appealed to the Cour de cassation (Supreme Court of Appeal)