# 26 January 2012: The civil engineering sector in Saint-Pierre-et-Miquelon

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**The *Autorité de la concurrence* fines several companies in the sector for having distorted competition in the civil engineering sector on the archipelago**

> Version française

After starting ex officio proceedings, further to investigations conducted by Ministry of the Economy officials, the *Autorité de la concurrence* has just issued a decision whereby it fines five entities (the *"exploitation des carrières"* – quarry working – economic interest group and companies Allen-Mahé, Atelier Fer, Guibert Frères and SSPT) a total of 381,400 euros for having among other things taken part in a series of anticompetitive agreements in the civil engineering sector in Saint-Pierre-et-Miquelon.

**The aggregates sector**

Aggregates are minerals (rock, gravel, sand, chippings, etc.) mined in quarries that are mainly used for earthworks and roadworks, for reinforcing maritime structures (quays, ports) and for making asphalt.

The aggregates offer in Saint-Pierre-et-Miquelon is essentially concentrated around an economic interest group (EIG), the "exploitation des carrières" EIG, which mines the only quarry on the island (the Fauteuil quarry) and sells aggregates to its member companies: Allen-Mahé, Atelier Fer, Guibert Frères and Saint Piérraise de transport (SPPT). These companies sell on the processed aggregates, and part of them to the EIG.

**A series of anticompetitive agreements and an abuse of a dominant position have foreclosed competition in the sector**

Between 1994 and 2009, the EIG and its members set up four types of anticompetitive agreements:

- they agreed on the EIG's terms of membership and working arrangements, with a view to limiting new memberships, thereby crowding out third parties from the Fauteuil quarry;

- the prices of all processed aggregates that EIG members charged it were jointly set;

- three of these companies agreed to share out among themselves, in a "fair" manner, the revenue earned by supplying aggregates to the EIG and the work contracted out on its behalf;

- the EIG and its members agreed that the EIG should be the sole bidder in calls for tenders issued by public authorities for the supply of asphalt.

Besides these anticompetitive agreements, the EIG and its members abused of their collective dominant position by refusing to sell rockfill to third-party companies, even though the latter need this material to respond to certain calls for tenders.

**Serious abusive practices that the *Autorité* fines a total of 381,400 euros**

These are serious infringements. They have distorted or even eliminated competition both upstream, in the production of aggregates, and downstream, in the awarding of public works contracts. They have also led to an increase in the price of works conducted by the local authorities. In that respect, a 25% rise in the price of aggregates was observed between 2005 and 2009.

Accordingly, the Autorité de la concurrence has imposed financial penalties on the EIG and its members. To determine their amount, the Autorité has taken several factors into consideration, including the size of the market, the duration of the abusive practices and the importance of the harm done to the economy. It has also granted a 20% reduction in the fine to all companies and to the EIG who

have waived their right to challenge the statement of objections and have made important structural commitments, more particularly in respect of the separation between aggregate production activities and execution of works.

*Organization / Financial penalty*
GIE exploitation des carrières: €120,790
Allen-Mahé: €89,520
Atelier Fer: €58,590
Guibert Frères: €95,310
SPPT: €17,190

***> Full text of decision 12-D-06 of 26 January 2012 on practices in the aggregates sector and downstream markets in Saint-Pierre-et-Miquelon***

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