26 July 2013: Wall and partition bricks

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The Autorité de la concurrence clears, subject to conditions, the acquisition of Imerys TC assets by Bouyer-Leroux.

The commitments made by Bouyer-Leroux enable the removal of all risks to competition in the supply of wall bricks in the Aquitaine region.

> Version Française

Subject to commitments, the Autorité de la concurrence has cleared the acquisition by **Bouyer-Leroux,** a company manufacturing earthenware construction materials, in particular wall bricks, partition bricks and tiles, of **Imerys Structure** assets, corresponding to all its activities in the same sector.

Following an initial investigation phase, the Autorité commenced an in-depth investigation (phase 2) of the transaction on 22 April 2013, given that after the transaction Bouyer-Leroux would in effect operate a virtual monopoly over the manufacture of partition bricks in the West of France, and hold a very significant position in the manufacture of wall bricks in Aquitaine, without competing manufacturers or clients being in a position to counterbalance the market power of the new entity.

All risks to competition in the West of France removed

This phase 2, which was based on a wide consultation of all the sector professionals (competing manufacturers of construction materials, traders, constructors of individual houses, plasterers etc.) firstly enabled a removal of the

risks to competition relating to partition bricks in the West of France. The Autorité noted that plaster bricks could be substituted with other construction materials for non-load bearing walls, in particular plasterboard, due to their relatively similar technical characteristics (excepting the laying method) and the lack of local preference by consumers for plaster bricks, as the use of these bricks is in significant decline.

Bouyer-Leroux will transfer 25,000 tonnes of bricks per year to competitors in the Aquitaine region, to stimulate competition

By contrast, the Autorité noted that the transaction would lead to competition problems in the wall brick market in Aquitaine. The Autorité noted that in Aquitaine, due to the marked regional preferences of consumers, wall bricks represent a distinct market from other construction materials for load-bearing walls, in particular concrete blocks. As the transaction would bring together the first and third largest players in an already concentrated market, this would give the new entity a very high market share and would allow it to increase its prices.

To prevent these risks to competition, Bouyer-Leroux undertakes to transfer a volume of 25,000 tonnes per year, at cost price, to its two competitors or to one wholesaler working with distribution networks and traders in the region, over five years (renewable once). The sale of these bricks, the volume of which corresponds to Bouyer-Leroux's market share in Aquitaine prior to the transaction, will enable competing operators initially to build up a client base. This market entry would give them the time to establish themselves in the long-term, by opening up production sites, where necessary.

An independent trustee, approved by the Autorité de la concurrence, will ensure the effective implementation of this commitment.

This remedy will therefore enable a balanced competitive situation to be maintained.

> The full text of the decision

> Press contact : André Piérard - Tel.: (+33) 1 55 04 02 28 - Contact by email



> See ruling of the Conseil d'Etat (French Administrative Supreme Court) of 27 Novembre 2013