FEDERAL TRADE COMMISSION
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FTC Requires Construction Company CRH plc to Divest Facilities in Montana, Nebraska and Kansas as a Condition of Acquiring Competitor Ash Grove Cement Company

FOR RELEASE

June 14, 2018

TAGS: Construction | Industrial Goods | Bureau of Competition | Competition | Merger | Horizontal

The Federal Trade Commission will require Dublin, Ireland-based construction company CRH plc to divest facilities in three states as part of a settlement resolving charges that CRH's $3.5 billion acquisition of its Kansas-based competitor Ash Grove Cement Company is anticompetitive and violates federal antitrust law.

The products at issue

The complaint alleges that as proposed, the acquisition will harm competition in the markets for portland cement in Montana; sand and gravel in the Omaha, Nebraska/Council Bluffs, Iowa region; and crushed limestone in the Johnson County, Kansas region.

Under the proposed settlement, CRH will divest a cement plant, two sand-and-gravel plants, one sand-and-gravel pit, three limestone quarries, and two hot-mix asphalt plants.

CRH Divestitures

Assets to Be Divested	Location	Divestiture Buyer
1 cement plant and quarry	Three Forks, Montana	Grupo Cementos de Chihuahua

2 sand and gravel plants	Omaha, Nebraska	Martin Marietta Materials
1 sand and gravel pit	Omaha, Nebraska	Martin Marietta Materials
2 limestone quarries	Olathe, Kansas	Summit Materials, Inc.
1 hot mix asphalt plant	Olathe, Kansas	Summit Materials, Inc.
1 limestone quarry	Louisburg, Kansas	Summit Materials, Inc.
1 hot mix asphalt plant	Louisburg, Kansas	Summit Materials, Inc.

The consumer harm from the companies' proposed transaction

According to the complaint, the proposed acquisition would have reduced the number of significant competitors in each relevant market, increasing the likelihood that the merged company would unilaterally exercise market power, and that consumers in the affected areas would be forced to pay higher prices.

The competition concerns and economic implications

Both companies manufacture and sell portland cement, a key ingredient in concrete. The complaint alleges that CRH and Ash Grove are the two leading suppliers of cement in Montana, and the acquisition would eliminate substantial competition between the two companies, thus forcing customers to pay higher prices.

CRH and Ash Grove both supply construction-grade sand and gravel, which is used in concrete, road base, asphalt, construction fill and other construction projects in Omaha, Nebraska/Council Bluffs, Iowa. Because sand and gravel has no close substitutes in that area, and because the parties are the two leading suppliers of sand and gravel, customers are unlikely to switch to other products when faced with a small but significant price increase.

Both companies produce crushed limestone, which is used as an input in cement, concrete, asphalt, metal refining, construction base, and other construction products. Because there are no close substitutes for crushed limestone in the Johnson County, Kansas market, customers are unlikely to switch to other products in the event of a small but significant price increase, according to the complaint.

The settlement preserving competition

Under the terms of the settlement:

> CRH is required to divest its cement plant and quarry in Three Forks, Montana to Grupo Cementos de Chihuahua, or GCC, a Mexican multinational corporation and experienced producer of cement, aggregates, and other construction materials. Also under the settlement, because the CRH cement plant in Montana currently sells a significant amount of cement into Canada through two CRH terminals in Alberta, GCC will have the option to use those terminals for three years. CRH also has agreed to purchase, at GCC's option, cement produced at the plant for distribution in Canada for up to three years.

In Omaha, Nebraska, CRH is required to divest two sand-and-gravel operations and one sand-and-gravel pit to Martin Marietta Materials, Inc.

CRH is required to divest a hot-mix asphalt plant and two limestone quarries in Olathe, Kansas, as well as another hot-mix asphalt plant and another limestone quarry in Louisburg, Kansas, to Summit Materials, Inc.

Each of the three buyers possesses the experience and capability to replace one of the merging parties as a significant competitor in the relevant markets.

Additional details about the case are provided in the analysis to aid public comment for this matter. The Commission vote to issue the complaint and accept the proposed consent order for public comment was 5-0.

The FTC will publish the consent package in the Federal Register shortly. The agreement will be subject to public comment for 30 days, beginning today and continuing through July 16, 2018, after which the Commission will decide whether to make the proposed consent order final. Comments can be filed electronically or in paper form by following the instructions in the "Supplementary Information" section of the Federal Register notice.

NOTE: The Commission issues an administrative complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to $41,484.

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Contact Information

MEDIA CONTACT:
Betsy Lordan
Office of Public Affairs
202-326-3707

STAFF CONTACT:
Elyssa Wenzel
Bureau of Competition
202-326-2417