

DETERMINATION OF MERGER NOTIFICATION M/24/031 – ARKIL / CERTAIN ASSETS OF FALCONHURST

Section 21 of the Competition Act 2002

Proposed acquisition by Arkil Holding A/S, through its wholly owned subsidiary Arkil Limited, of certain assets of Falconhurst Limited

Dated 19 September 2024

Introduction

1. On 22 May 2024, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Arkil Holding A/S (“Arkil Holding”), through its wholly owned subsidiary Arkil Limited (“Arkil”), would acquire certain assets of Falconhurst Limited (“Falconhurst”) (the “Proposed Transaction”). Arkil Holding, Arkil and Falconhurst are referred to as the Parties in this Determination.

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to an asset purchase agreement dated 29 February 2024 between Arkil (with [REDACTED] as covenanters) and Falconhurst (the “APA”). Under the terms of the APA, Arkil will acquire certain assets from Falconhurst. These assets are: two quarries in Co. Tipperary, farmland, a farmhouse, and certain assets connected to Falconhurst’s business of operating its quarries and the production, processing and sale of construction, road-surfacing and farm products and services (the “Target Assets”).



The Undertakings Involved

The Acquirer – Arkil

3. Arkil is a wholly owned subsidiary of Arkil Holding Limited, which, in turn, is a wholly owned subsidiary of Arkil Holding (together with its subsidiaries, the “Arkil Group”). The Arkil Group is a privately-owned Danish international construction business with subsidiaries in Germany and Ireland. The Arkil Group primarily operates in the construction and engineering sectors and specialises in complex infrastructure and environmental engineering projects. The Arkil Group is also active in more traditional construction projects, asphalt production and civil works projects.
4. The Arkil Group has two key operational subsidiaries in the State: (i) Park Plant Hire Limited (trading as Killeen Civil Engineering), a civil engineering company active in groundworks and general construction activities, and (ii) Arkil. Arkil is active in the production and sale of aggregates, asphalt, concrete and concrete blocks, road surfacing services and civil engineering services. It also owns and operates three quarries in the State, located at:
 - Drennanstown, Rathangan, Co. Kildare, R51 YK27 (the “Kildare Quarry”);
 - Ballyhandle, Crossbarry, Co. Cork, T12 DK46 (the “Cork Quarry”); and
 - Graigue, Lispole, Co. Kerry, V92 NX86 (the “Kerry Quarry”).
5. For the financial year ended December 2023, the Arkil Group’s worldwide turnover was approximately [REDACTED], of which approximately [REDACTED] was generated in the State.

The Target – Falconhurst

6. Falconhurst is a privately-owned company which is engaged in the production, processing and sale of construction, road-surfacing and farm products and services and which owns and operates two rock quarries located in north Co. Tipperary, namely:



- The “Fantane Quarry”, located at Borrisoleigh, Co. Tipperary; and,
 - The “Latteragh Quarry”, located at Latteragh, Co. Tipperary (together, the “Target Quarries”).
7. The Target Quarries produce crushed rock aggregates and specialist high polished stone value (“PSV”) aggregates. Falconhurst also operates an asphalt plant at each of the Target Quarries.¹ Falconhurst produces asphalt for external sale as well [REDACTED]. Falconhurst operates a concrete plant at its Fantane Quarry, where it produces concrete blocks and ready-mix concrete (“RMX”).
8. For the financial year ended 31 December 2022, the turnover attributable to the Target Assets was [REDACTED], all of which was generated in the State.

Rationale for the Proposed Transaction

9. In the merger notification form (the “Merger Notification Form”), Arkil states that:

“Arkil considers the Proposed Transaction an opportunity to expand its operations by acquiring new quarries in an area where it does not currently have a presence.

[REDACTED]

[REDACTED]

[REDACTED]

Third-Party Submissions

10. No third-party submission was received.

¹ According to information provided by the Parties, the asphalt plant at the Latteragh Quarry is not in use. It is used as a back-up plant and is only activated once a year to ensure it remains operational.



Industry Background

11. The Parties are both active in the production of a range of construction materials and the provision of construction-related services. In this section, the Commission outlines the products and services which both Parties supply to provide context for its competitive assessment of the Proposed Transaction.

Aggregates

12. Aggregates are a base material used in the construction of roads, buildings and other infrastructure, and include a range of granular particulate matter.² Aggregates can be made up of sediments, rocks or other materials and can be extracted from natural deposits or produced from the by-products of industrial processes.³
13. Aggregates have a wide range of uses, including in the construction of buildings, roads, wastewater systems and other infrastructure. Aggregates are also used to produce other building materials, such as RMX, concrete blocks, asphalt, tarmacadam, paving and walling products, facades and mortars, and precast concrete.
14. There are different types and classifications of aggregates depending on their source, size and characteristics. One broad type of aggregates are primary aggregates, which are aggregates that have been directly extracted from natural deposits, such as rock quarries and sand and gravel pits. Arkil and Falconhurst produce primary aggregates at the Arkil Quarries⁴ and the Target Quarries.

High PSV aggregates

15. Specialised aggregates are specific types of primary aggregate which are used for certain specialist applications. High PSV aggregates are a type of specialist aggregate used in road surfacing for their skid resistance properties.

Contract surfacing services

² Aggregates Europe. (2021). *Annual Review 2020-2021*, page 4, accessible at https://www.aggregates-europe.eu/wp-content/uploads/2023/03/Final_-_UEPG-AR2020_2021-V05_spreads72dpiLowQReduced.pdf

³ M/23/060 - Kilsaran/ Certain Assets of Kilmurray, available [here](#).

⁴ The Kildare Quarry, the Cork Quarry and the Kerry Quarry.



16. Contract surfacing services are services relating to the construction and maintenance of roads and other surfaces. Contract surfacing typically refers to asphalt road surfacing (that is, the laying of asphalt onto prepared foundation layers of a road). Each layer is compacted by paving machines to surface the road.

Aggregate-based construction products: Concrete blocks, RMX and Asphalt

17. Aggregate-based construction products are manufactured using aggregates. Concrete blocks, RMX and asphalt are examples of aggregate-based construction products.

Competitive Analysis

Horizontal Overlap

18. There is a horizontal overlap between the Parties as both are active in the production and supply of the following:
- (i) primary aggregates (non-specialised aggregates);
 - (ii) high PSV aggregates (specialised aggregates);
 - (iii) the provision of contract surfacing services in the State; and
 - (iv) various aggregate-based construction products (namely concrete products, RMX, and asphalt).

Relevant Markets

Product market

Primary Aggregates

Previous European Commission ("EC") and Competition and Markets Authority ("CMA") decisions

19. The EC has previously considered mergers and acquisitions within the aggregates sector. While ultimately leaving the precise product market definition open, the EC has considered:



- aggregates as a single product market;⁵
- a segmentation between primary and secondary aggregates;⁶ and,
- a further segmentation within primary aggregates between (i) gravel and sand and (ii) crushed rock.⁷

20. The CMA has previously considered a market for the supply of primary aggregates to all construction end-users as part of a single product market.⁸ The CMA's predecessor, the UK Competition Commission, previously concluded that it was appropriate to define a relevant product market for all construction aggregates, including crushed rock, sand and gravel and, on balance, recycled and secondary aggregates.⁹

Previous Commission decisions

21. The Commission has previously considered the sale of aggregates in M/23/060 – *Kilsaran/Certain assets of Kilmurray*.¹⁰
22. In its determination, while ultimately leaving the precise market definition open, the Commission assessed the competitive effects of that transaction by reference to the supply of sand and gravel within 50km of the target site.

Views of the Commission

23. The Parties have provided information regarding the Proposed Transaction by reference to the supply of primary aggregates.
24. As regards the supply of primary aggregates, in this case, both Parties supply crushed rock; neither Arkil nor Falconhurst supply sand and gravel. Therefore, since neither of the Parties supplies sand and gravel, the Commission has not departed from its

⁵ See [Case M.7252 Holcim/Lafarge](#) 15 December 2014.

⁶ See [Case M.7252 Holcim/Lafarge](#) 15 December 2014.

⁷ Case [M.10529 Heidelbergcement/Thoma Bravo/Command Alkon](#), 11 April 2022, paragraph 43.

⁸ [CMA, Breedon Aggregates and Aggregate Industries UK – Final Report](#), 9 April 2014, see paragraphs 4.12 - 4.18.

⁹ See [UK Competition Commission, Aggregates, cement and ready-mix concrete market investigation](#), 14 January 2014, see paragraph 5.24.

¹⁰ M/23/060 - Kilsaran/ Certain Assets of Kilmurray, available [here](#).



previous decisional practice and has considered, in this case, the market for primary aggregates taking into account crushed rock aggregates only.

High PSV aggregates

Previous EC and CMA Decisions

25. While ultimately leaving the precise product market definition open, the EC has considered:

- the distinction made by the CMA between non-specialised aggregates and specialised aggregates, due to limited demand-side and supply-side substitutability between these products;¹¹ and,
- that high PSV aggregates form their own product market as a type of specialist aggregate.¹²

26. Similarly, the CMA has previously considered that there are two distinct frames of reference for high PSV aggregates;

- High PSV aggregates with a PSV rating of 68+/70+; and
- Medium PSV aggregates with a PSV rating between 60-67, which the CMA concluded were not viable substitutes.¹³

Views of the Commission

27. The Parties have provided information regarding the Proposed Transaction by reference to the supply of high PSV aggregates with a polished stone value of 60-67 within a 60km radius of the Target quarries.

¹¹ See [Case M.7252 Holcim/Lafarge](#) 15 December 2014. See also [UK Competition Commission, Aggregates, cement and ready-mix concrete market investigation](#), 14 January 2014, paragraph 5.5 -5.7.

¹² See [Case M.7252 Holcim/Lafarge](#) 15 December 2014, paragraphs 329 and 334.

¹³ See [ME/6862/19 Breedon Group/Cemex 9 October 2020](#), paragraph 54-65; see also, [UK Competition Commission, Aggregates, cement and ready-mix concrete market investigation](#), 14 January 2014, paragraph 2.12.



28. For the purposes of its analysis in the present case, the Commission found that it is not necessary to distinguish between medium and high PSV aggregates, so the Commission refers to all PSV aggregates above a stone value of 60 as high PSV aggregates. Arkil produces high PSV aggregates at its Cork Quarry and Kerry Quarry, while Falconhurst produces high PSV aggregates at the Target Quarries.

Contract surfacing services

Previous EC Decisions

29. The European Commission previously considered that the supply of contract surfacing is a relevant product market in itself.¹⁴

Previous Commission decisions

30. The Commission has previously considered the sale of asphalt and the supply of contract surfacing services in M/21/043 – *Colas Teoranta/SIAC Bituminous Products Limited*.¹⁵ The Commission did not find it necessary to define the precise relevant product market as a broad market (i.e. contract surfacing) or a narrow market (i.e. asphalt surfacing services) because the market definition adopted would not alter the Commission's assessment of that transaction. In its determination, while ultimately leaving the precise market definition open, the Commission assessed the competitive effects of that transaction by reference to two potential product markets:

- The supply of asphalt within 40km of the relevant asphalt facility; and
- The supply of asphalt surfacing services in the State.

31. In that determination, the Commission considered the supply of asphalt surfacing services to be a segment within the supply of contract surfacing services.

Views of the Commission

¹⁴ See [Case M.9316 PEAB/ YIT's Paving and Mineral Aggregates Business](#), 26 March 2020, section 5.2.4 and See [Case M.7252 Holcim/Lafarge](#), 15 December 2014, section VI.5.

¹⁵ [M/21/043 -Colas Teoranta/SIAC Bituminous Products Limited](#).



32. The Parties have provided information regarding the Proposed Transaction by reference to the supply of asphalt surfacing services nationally.
33. The Commission has decided not to depart from its previous decisional practice and has considered the market for contract surfacing services. In this case, both Parties supply contract surfacing services.

Aggregate-based construction products (concrete blocks, RMX and asphalt)

Previous EC and CMA Decisions

34. While ultimately leaving the precise product market definition open, the EC has considered:
- that different concrete products form part of a single product market for pre-cast concrete products and that there is a separate sub-market for concrete building blocks;¹⁶ and,
 - a single, distinct product market for RMX.¹⁷
35. The CMA has previously considered all types of RMX as a single, distinct product market.¹⁸

Previous Commission decisions

36. The Commission has previously considered the sale of aggregate-based construction products in M/23/060 – *Kilsaran/Certain assets of Kilmurray*.¹⁹
37. In its determination, while ultimately leaving the precise market definition open, the Commission assessed the competitive effects of that transaction by reference to the supply of aggregate-based construction products²⁰ within 50km of the target site.

¹⁶ See [Case M.7252 Holcim/Lafarge](#), 15 December 2014, paragraph 467.

¹⁷ See [Case M.7252 Holcim/Lafarge](#), 15 December 2014, paragraphs 276 – 281.

¹⁸ See [ME/6862/19 Breedon Group/Cemex 9 October 2020](#), paragraph 12.

¹⁹ M/23/060 - Kilsaran / Certain Assets of Kilmurray, available [here](#).

²⁰ The aggregate-based construction products included RMX, precast asphalt and mortar.



Views of the Commission

38. The Parties have provided information regarding the Proposed Transaction by reference to:

- The supply of asphalt within a 40km radius of the asphalt plant located at the Target Quarries;
- The supply of pre-cast concrete products¹⁵ nationally; and,
- The supply of RMX within a 25km radius of the concrete plant at the Target Quarries.

39. The Commission has considered the potential market for aggregate-based construction products. The Commission notes that both Parties supply various types of aggregate-based construction products, namely (i) concrete blocks; (ii) RMX; and (iii) asphalt.

Commission's conclusion on product markets

40. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant product markets because doing so will not alter the Commission's assessment of the competitive effects of the Proposed Transaction.

41. The Commission has assessed the Proposed Transaction by reference to the following potential product markets namely:

- The supply of primary aggregates (crushed rock);
- The supply of high PSV aggregates;
- The supply of contract surfacing services; and
- The supply of aggregate-based construction products.

Geographic market

Primary Aggregates

Previous EC decisions

42. In previous decisions, the EC has considered the primary aggregates market to be local in scope and has applied a radius of 50–80km from the relevant quarry.²¹

Parties' Views

43. The Parties stated in the Merger Notification Form that the geographic market for the supply of primary aggregates (crushed rock) should be assessed by reference to a 40–50km radius around the Target Quarries.

Views of the Commission

44. With respect to the potential geographic market, the Commission has previously assessed the supply of primary aggregates (sand and gravel) within a 50km radius of the relevant extraction site.²² The Commission has found no reason to depart from its previous approach and has therefore assessed the competitive effects of the Proposed Transaction with reference to the supply of primary aggregates (crushed rock) within a 50km radius of each of the Target Quarries.
45. The Commission notes that Arkil does not operate a quarry within 50km of either of the Target Quarries. The closest Arkil quarry to any of the Target Quarries is the Kildare Quarry, which is located over 100km from the Target Quarries. Therefore, while both Parties supply primary aggregates, namely crushed rock, they are not active in the same areas and do not generally compete for the same customers. In light of the lack of a geographic overlap between the Parties in the supply of primary aggregates, the Commission has not considered it necessary to assess the impact of the Proposed Transaction in this potential market further.

²¹ [Case M.7252 Holcim/Lafarge](#) 15 December 2014.

²² M/23/060 - Kilsaran/Certain Assets of Kilmurray, available [here](#).



High PSV aggregates

Previous EC and CMA decisions

46. The EC has previously recognised that the geographic market for High PSV Aggregates tends to be national in scope.²³
47. The CMA has found that there is a demand for high PSV aggregates across the UK and it is supplied nationally, which is consistent with a national frame of reference.²⁴

Parties' Views

48. The Parties stated in the Merger Notification Form that the geographic market for the supply of high PSV aggregates is national.

Views of the Commission

49. High PSV aggregates are generally supplied on a national basis given that they occur less commonly in nature than primary aggregates and, as such, tend to be supplied across the State.²⁵
50. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, the Commission has decided to leave the precise geographic market definition open. However, for the purposes of its competitive assessment, the Commission has assessed the competitive effects of the Proposed Transaction with reference to the supply of high PSV aggregates in the State.

Contract surfacing services

Previous EC decisions

51. The EC has previously recognised that the geographic market for contract surfacing services tends to be national in scope.²⁶

²³ [Case M.7252 Holcim/Lafarge](#) 15 December 2014, paragraph 344.

²⁴ See [ME/6862/19 Breedon Group/Cemex 9 October 2020](#), paragraph 104.

²⁵ High PSV aggregates are specialist types of aggregate used in road surfacing for their skid resistance properties.

²⁶ [Case M.7252 Holcim/Lafarge](#) 15 December 2014, paragraph 405.

Parties' Views

52. The Parties stated in the Merger Notification Form that the geographic market for the supply of contract surfacing services is national.

Views of the Commission

53. The Commission has previously assessed the supply of contract surfacing services on a national basis.²⁷ The Commission has found no reason to depart from its previous approach and has therefore assessed the competitive effects of the Proposed Transaction with reference to the supply of contract surfacing services on a national basis.

Aggregate-based construction products (concrete blocks, RMX and asphalt)

Previous EC and CMA decisions

54. The EC and the CMA assessed the market for the supply of asphalt by reference to a radius of 40km around each asphalt facility.²⁸
55. The EC has previously considered that the relevant geographic market for pre-cast concrete products is national in scope.²⁹ Alternatively, the EC has left the geographic market for concrete building blocks open as to whether it is national or local in scope.³⁰

Parties' Views

56. The Parties identified varying distances which could be considered when considering specific aggregate-based construction products, ranging from a radius of 25km around the relevant site to a national geographic market.

Views of the Commission

²⁷ [M/21/043 - Colas Teoranta/SIAC Bituminous Products Limited](#), 9 September 2021, paragraph 34.

²⁸ [Case M.7252 Holcim/Lafarge](#) 15 December 2014, [CMA, Breedon Aggregates and Aggregate Industries UK – Final Report](#), 9 April 2014.

²⁹ Case M.7252 Holcim/Lafarge 15 December 2014.

³⁰ Case M.7252 Holcim/Lafarge 15 December 2014.



57. As noted above, in its determination in *M/23/060 – Kilsaran/Certain Assets of Kilmurray*, the Commission assessed the supply of aggregate-based construction products within a 50km radius of the relevant target site.³¹
58. Owing to their product characteristics and transport costs, RMX, asphalt and concrete blocks are usually supplied within the local area of their production sites. As outlined above, Arkil does not operate a quarry within 50km of either the Target Quarries. The closest Arkil quarry to any of the Target Quarries is the Kildare Quarry, which is located over 100km from the Target Quarries. Therefore, while both Parties supply aggregate-based construction products, they are not active in the same areas and generally do not compete for the same customers.
59. In light of the lack of a geographic overlap between the Parties in the supply of aggregate-based construction products, the Commission has not considered it necessary to assess the impact of the Proposed Transaction in this potential market further.

Commission's conclusion on relevant markets

60. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant markets, as doing so will not alter the Commission's assessment of the competitive impact of the Proposed Transaction. Given the lack of geographic overlap between the Parties in the market for primary aggregates (crushed rock) and the market for aggregate-based construction products, the Commission has not assessed these markets further. For the purposes of its competitive assessment, the Commission has assessed the Proposed Transaction by reference to the following potential relevant markets:

- The supply of high PSV aggregates in the State; and
- The supply of contract surfacing services in the State.

³¹ [M/23/060 - Kilsaran/ Certain Assets of Kilmurray](#), 25 July 2024, paragraph 3.96.



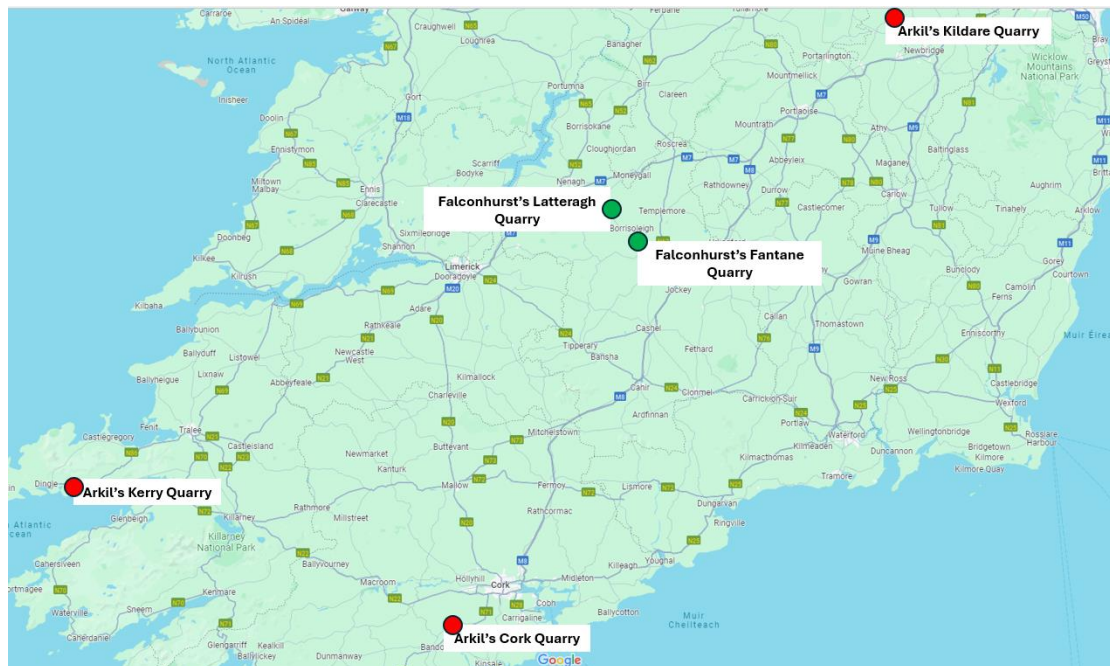
Competitive Assessment

Horizontal effects

Supply of high PSV aggregates in the State

61. Arkil currently owns three crushed rock quarries: (i) the Kildare Quarry; (ii) the Cork Quarry; and (iii) the Kerry Quarry. Map 1 shows the location of the Parties' quarries. Arkil produces high PSV aggregates at the Cork Quarry and the Kerry Quarry. The Target Quarries also produce high PSV aggregates.

Map 1: Arkil's three quarries and the Target Quarries



Source: the Commission

62. As shown in Map 1, Arkil's quarries are not located close to the Target Quarries. The closest Arkil site to the Target Quarries is the Kildare Quarry which is 109km and 114km from the Latteragh and Fantane Quarries respectively.
63. Table 1 below lists the estimated shares of suppliers in the supply of high PSV aggregates in the State.



Table 1: The supply of high PSV aggregates in the State

Supplier	Share
Target Quarries	[0-5]% ³²
Arkil	[0-5]% ³³
Combined	[5-10]%
Conexpo (NI) Limited	[5-10]%
CRH Public Limited Company	[15-20]% ³⁴
Breedon Surfacing Solutions Ireland Limited	[5-10]% ³⁵
Others	[60-65]% ³⁶
TOTAL	100% ³⁷

Source: The Parties

64. As shown in Table 1 above, Arkil would have an estimated [5-10]% share in the supply of high PSV aggregates in the State following the implementation of the Proposed

³² Merger Notification Form, section 5.3, page 39.

³³ Merger Notification Form, section 5.3, page 39.

³⁴ This figure is made up of multiple CRH sites, namely: CRH-Northstone North Down Quarry, CRH-Northstone Craigantlet Quarry, CRH-Roadstone Bunratty Quarry, CRH-Roadstone Killarney Quarry, CRH-Roadstone Classis/Garryhesta Quarry, CRH-Northstone Ballinahinch Quarry, CRH-Roadstone Allen Quarry, CRH-Roadstone Arklow Quarry and CRH-Roadstone Killorglin Quarry.

³⁵ This figure is made up of (i) Breedon-Whitemountain Ballystockart Quarry and (ii) Breedon-Lagan Quarries' Mallow Quarry.

³⁶ All suppliers included in the 'Others' segment have an individual market share of below [0-5]%.

³⁷ For clarity, all figures have been rounded.



Transaction. This represents an increase of approximately [0-5] percentage points on its pre-merger share.

65. The Commission considers that the Proposed Transaction is unlikely to give rise to competition concerns in the supply of high PSV aggregates in the State for the reasons set out below.
66. **First**, as suggested by its low market share, Arkil will continue to be constrained by several competing suppliers following the implementation of the Proposed Transaction. Such suppliers include Conexpo (NI) Limited, CRH Public Limited Company and Breedon Surfacing Solutions Ireland Limited.
67. **Second**, the locations of the Parties' sites indicate that they may not compete closely in the supply of high PSV aggregates. While high PSV aggregates are supplied on a national basis, due to transport costs the Commission considers it likely that, all else equal, suppliers which are located within the same local area are likely to compete more closely. As noted above, the closest Arkil quarry to the Target Quarries is the Kildare Quarry, which is over 100km away from both Target Quarries and does not produce high PSV aggregates. Given the distance between the Parties' sites, the Commission does not consider the Target Quarries to be within the same local area as the Arkil sites, and therefore, the Commission considers that the Target Quarries and the Arkil Quarries are not likely to compete closely.
68. Therefore, for the reasons outlined above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the supply of high PSV aggregates in the State.

Supply of contract surfacing services in the State

69. As noted above, both Parties supply contract surfacing services in the State. Table 2 below lists the estimated shares in the supply of contract surfacing services in the State.



Table 2: The supply of contract surfacing services in the State

Supplier	Share
Target Quarries	[0-5]%
Arkil	[0-5]%
Combined	[5-10]%
CRH Public Limited Company	[30-35]%
Lagan Materials Limited	[20-25]%
Kilsaran Concrete Unlimited Company	[10-15]%
Harrington Concrete	[0-5]%
McSweeney Bros.	[0-5]%
Others	[20-25]%
TOTAL	100%

Source: The Parties

70. As shown in Table 2, Arkil would have an estimated [5-10]% share in the supply of contract surfacing services in the State following the implementation of the Proposed Transaction. This represents an increase of approximately [0-5] percentage points on its pre-merger share.

71. The Commission considers that the Proposed Transaction is unlikely to give rise to competition concerns in the supply of contract surfacing services in the State for the reasons set out below.
72. **First**, as suggested by its low market share, Arkil will continue to be constrained by several competing suppliers following the implementation of the Proposed Transaction. Such suppliers include CRH Public Limited Company, Lagan Materials Limited, Kilsaran Concrete Unlimited Company and Harrington Concrete.
73. **Second**, the locations of the Parties' sites indicate that it is unlikely that they compete closely in the supply of contract surfacing services. While contract surfacing services are supplied on a national basis, due to transport costs the Commission considers it likely that, all else equal, suppliers which are located within the same local area are more likely to compete more closely. As noted above, the closest Arkil site to the Target Quarries is the Kildare Quarry, which is approximately 100km away. Again, considering the 100km distance, the Commission does not consider the Target Quarries to be within the same local area as the closest Arkil site and therefore, the Commission considers that the Target Quarries and the Arkil Quarries are not likely to compete closely.
74. Therefore, for the reasons outlined above, the Commission considers that the Proposed Transaction does not raise horizontal competition concerns in the supply of contract surfacing services in the State.

Conclusion on horizontal effects

75. Therefore, for the reasons set out above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

Vertical Relationship

76. There is a vertical relationship between the Parties, as Arkil supplies a relatively small amount of high PSV aggregates to Falconhurst.³⁸
77. The Commission considers that the Proposed Transaction is unlikely to give rise to vertical foreclosure concerns in relation to the supply of high PSV aggregates in the State for the following reasons:
- **Input foreclosure:** As noted above, Arkil's share in the supply of high PSV aggregates will be approximately [5-10]% following the implementation of the Proposed Transaction. There will remain numerous suppliers in the supply of high PSV aggregates in the State following the Proposed Transaction from which customers can source high PSV aggregates. Consequently, the Commission considers that input foreclosure in the supply of high PSV aggregates in the State as a result of the Proposed Transaction is unlikely.
 - **Customer foreclosure:** As noted above, high PSV aggregates are used in the production of asphalt, which in turn is used in the provision of contract surfacing services. There will remain several alternative suppliers of contract surfacing services following the implementation of the Proposed Transaction. High PSV aggregates suppliers can continue to sell to such suppliers of contract surfacing services following the implementation of the Proposed Transaction. Consequently, the Commission considers that customer foreclosure in the supply of high PSV aggregates in the State as a result of the Proposed Transaction is unlikely.
78. In light of the above, the Commission considers that the Proposed Transaction is unlikely to give rise to vertical foreclosure concerns in relation to the supply of high PSV aggregates in the State.

³⁸ The Commission notes that Arkil previously purchased small amounts of high PSV aggregates from Falconhurst. Arkil most recently sourced high PSV aggregates from Falconhurst in 2019.



Conclusion on the vertical relationship

79. Therefore, for the reasons set out above, the Commission considers that the Proposed Transaction does not raise vertical competition concerns in the State.

Conclusion of Competitive Analysis

80. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

22. No ancillary restraints were notified.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Arkil Holding A/S, through its wholly owned subsidiary Arkil Limited, would acquire certain assets of Falconhurst Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Úna Butler

Member

Competition and Consumer Protection Commission