

# CHENEY LIME & CEMENT COMPANY

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Federal Trade Commission  
Office of the Secretary  
600 Pennsylvania Avenue  
Washington, DC 20580



RE: Proposed Consent Agreement  
Lafarge, S.A. and Blue Circle Industries PLC  
FTC File No. 001 0112  
Docket No. C-4014

Dear Mr/Ms Secretary:

This letter is sent in comment of the above referenced Proposed Consent Agreement. According to the FTC internet web-site, a 30-day period is allowed for public commentary on such matters. It is within that context that I submit the following comments for consideration by your office. Please bear in mind that my comments deal only with the lime industry component of the proposed agreement. Although my company's name includes cement in it's name, we are in fact not in the cement business in any way, having abandoned production of any cement products in the 1960's. In the past 9 months, I have communicated with Commission staff attorney, Ms. Judith Cole, about our operations relative to the above referenced matter. For your convenience, a copy of my statement to Ms. Cole is included herewith for your review.

The essence of my comments is that it seems that my company and its role as a supplier and competitive factor in the lime market in the Southeast United States has been given very little consideration in the Commission's deliberation on the Lafarge-Blue Circle matter. It is our hope that the Commission will: (A) review both the current and future impact of Cheney Lime & Cement Company's ongoing presence as a supplier and competitor in the lime market in the Southeast and (B) reconsider its apparent assertion that another (new) owner for the Blue Circle lime operation is necessary to insure a competitive environment in that same market.

Perhaps I'm missing some key piece of information, but I am deeply concerned by the Commission's apparent position that, since 85% of the market would be controlled in some combination by Lafarge/Carmeuse/Blue Circle and Chemical Lime Company, the party supplying the other 15% to the market is meaningless in the overall picture. Cheney provides a significant competitive factor in the Southeast lime market and has been doing so for nearly 100 years.

**BRIXMORTAR**

WORKS LIKE LIME • SETS LIKE CEMENT

Cheney Lime & Cement Company has been under the same ownership and in continuous operation in Alabama since 1903. We have survived two World Wars and the Depression. It's president of 48 years, my father, was wounded on Omaha Beach in WWII. We have paid our taxes and obeyed the law. And now we are the last totally American-owned lime company remaining in the Southeast. We answer to no foreign interests in pursuit of our economic survival. Hopefully those facts count for some amount of consideration from a United States government agency even in this day and age.

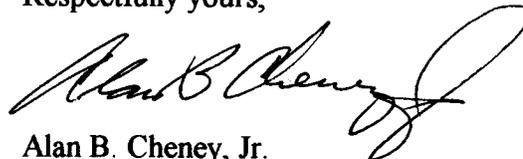
At present, there is a massive over-supply of lime production capacity in our region. This is due largely to the expansion of lime production facilities (kilns) at all of the plants in our area in the 1990's. Chemical Lime, Dravo(Carmeuse), Blue Circle and Cheney have all undertaken expansion projects in the last 5-7 years. Those expansions, in sum total, have significantly overshot the market demand as it has settled out. Cheney's lime plant is currently operating at about 60% capacity with our primary production unit (kiln) operating at less than full capacity and our secondary kiln totally idle. If there were any viable prospects on the horizon for significant production increases, we would gladly take action to meet that demand. Cheney's excess production capacity, for instance, would easily fill the gap if the Blue Circle kiln were to shut down completely. All of the lime plants in our region are in similar predicaments. With global economic factors such as the current steel glut, there are scant prospects for the excess lime capacity in the Southeast to be absorbed in the foreseeable future.

From where we stand at Cheney Lime & Cement Company, the prospect of a Federal Trade Commission mandate effectively requiring the entry of a new, additional lime producer into the current market situation, without seriously considering Cheney's position as a market supplier and competitor, is deeply disturbing. The simple fact that 85% of the lime production in our region is already foreign controlled makes survival difficult for us. While the current Commission plan makes sense if Cheney didn't exist, the fact remains that we do exist, have significant excess production capacity and plan to continue being a competitor in the Southeast market.

In light of the above points, I am hopeful that the Commission will take a harder look at the role we play as a market supplier/competitor and reconsider its requirement that the Blue Circle lime operation be maintained in a government-manipulated environment that doesn't reflect real market conditions. In conclusion, our position is that Lafarge should not be prohibited from simply operating its newly acquired lime operation as free market conditions dictate, when the presence of Cheney provides: (A) adequate competition to protect lime consumers and (B) plentiful lime supply to cover any shortfall should Lafarge decide to curtail lime production.

Thank you very much for your time and consideration in this matter.

Respectfully yours,



Alan B. Cheney, Jr.  
President