



# Department of Justice

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The Department of Justice announced today that it has advised Industrial Asphalt, a joint venture headquartered in Van Nuys, California, that it intends to file an antitrust suit challenging the formation of the venture.

The joint venture, formed December 20, 1983, resulted in the merge of two competing sellers of asphalt concrete, Industrial Asphalt Inc. and Huntmix, Inc., both of Van Nuys, California.

Asphalt concrete is commonly used in the paving of roads, parking lots, and airport runways.

Charles F. Rule, Acting Assistant Attorney General in charge of the Antitrust Division, said the suit, to be filed in U.S. District Court in Los Angeles, will allege that the merger violates Section 7 of the Clayton Act and Section 1 of the Sherman Act because it may substantially lessen competition in the manufacture and sale of asphalt concrete in two areas of Southern California: the greater Los Angeles area and western San Diego County.

Prior to the merger, Industrial Asphalt was the largest and Huntmix was one of the three largest manufacturers of asphalt concrete in the greater Los Angeles area. As measured by actual production, Industrial Asphalt's market share for 1983 was approximately 24 percent and Huntmix's was approximately 17

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percent. As measured by capacity, Industrial Asphalt's market share for 1983 in the greater Los Angeles area was approximately 24 percent and Huntmix's share was approximately 19 percent.

In western San Diego County, Industrial Asphalt and Huntmix were two of the five largest asphalt concrete manufacturers. As measured by actual production, Industrial Asphalt's 1983 market share in western San County was approximately 18 percent and Huntmix's share was approximately 11 percent. As measured by capacity, Industrial Asphalt's market share in 1983 was approximately 15 percent and Huntmix's was approximately 9 percent.

Total asphalt concrete sales in the Los Angeles basin and in western San County exceeded \$100 million and \$30 million, respectively, in 1984.

The production of asphalt concrete is concentrated, with the four largest producers currently accounting for over 70 percent of capacity and production in the greater Los Angeles area and over 75 percent in western San County.

Before the merger, Industrial Asphalt was the largest supplier of asphalt concrete in California and the second largest such supplier in the United States. It operated 24 hot mix plants in California, Arizona, and Nevada. Huntmix was the third largest supplier in the Southern California area; operating eight plants, all in Southern California.

Rule said that the suit will name as defendants the joint venture, Industrial Asphalt; Huntmix; Coast Asphalt, Inc., of New York, New York, successor to Industrial Asphalt Inc.; and CalMat

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of Los Angeles, California. When the joint venture was formed, CalMat, a 50 percent owner of Huntmix, provided to the joint venture leases on land containing aggregate -- rock, sand and gravel -- used in the manufacture of asphalt concrete.

Rule also said that the suit will seek the divestiture of certain assets in both markets in which there are competitive problems, the greater Los Angeles area and Western San County, to restore competitive conditions in those markets.

The complaint also will request that the court enjoin Industrial Asphalt and Huntmix from acquiring an interest in other asphalt concrete manufacturing firms for 10 years without the prior approval of the Department of Justice or the court.

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