



THE MONOPOLIES AND MERGERS COMMISSION

Animal Waste

A Report on the supply of animal waste
in Great Britain

*Presented to Parliament by the Secretary of State for Trade and Industry
by Command of Her Majesty
April 1985*

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* These members formed the group which was responsible for this report (see paragraph 1.2).

† Mr Eccles ceased to be a Deputy Chairman of the Commission as from 1 January 1985 and ceased to be a member as from 1 March 1985.

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CHAPTER 1

Introduction

1.1. On 23 November 1982 the Director General of Fair Trading sent to the Commission the following reference:

The Director General of Fair Trading in exercise of his powers under sections 47(1), 49(1) and 50(1) of the Fair Trading Act 1973 hereby refers to the Monopolies and Mergers Commission the matter of the existence or the possible existence of a monopoly situation in relation to the supply of animal waste in Great Britain.

The Commission shall investigate and report on the questions whether a monopoly situation exists and, if so

- (a) by virtue of which provisions of sections 6 to 8 of the said Act that monopoly situation is to be taken to exist;
- (b) in favour of what person or persons that monopoly situation exists;
- (c) whether any steps (by way of uncompetitive practices or otherwise) are being taken by that person or persons for the purpose of exploiting or maintaining the monopoly situation and, if so, by what uncompetitive practices or in what other way;
- (d) whether any act or omission on the part of that person or persons is attributable to the existence of that monopoly situation and, if so, what act or omission and in what way is it so attributable; and
- (e) whether any facts found by the Commission in pursuance of their investigation under the preceding provisions of this paragraph operate or may be expected to operate against the public interest.

For the purposes of the reference the 'supply of animal waste' means the supply of animal material which is acquired for processing in rendering plants. 'Animal' shall not include bird or fish except in so far as these are included in butchery waste.

The Commission shall report upon this reference within a period of 18 months from the date hereof.

(Signed) GORDON BORRIE
Director General of Fair Trading
23 November 1982

The period for completing the report was extended to 22 November 1984, and subsequently to 22 February 1985, by direction of the Secretary of State under section 55(2) of the Fair Trading Act 1973.

1.2. On 17 December 1982 the Chairman of the Commission, acting under section 4 of the Fair Trading Act 1973 and part II of Schedule 3 thereto, directed that the functions of the Commission in relation to the reference should be discharged through a group consisting of five members of the Commission including, as Chairman, Mr J D Eccles. On 31 December 1982 Professor A D

Bain, a member of the group, resigned from the Commission. On 14 January 1983 the Chairman of the Commission appointed Mrs C M Miles to the group, but she subsequently resigned from the inquiry and on 20 July 1983 the Chairman of the Commission appointed Mr G D Gwilt to the group. The names of the members who then formed the group are indicated in the list of members which prefaces the report.

1.3. Notices inviting interested parties to submit evidence to the Commission in relation to the reference were placed in *Meat Trades Journal*, *Meat Trader* and *Meat Industry*.

1.4. We took written and oral evidence from Prosper De Mulder Ltd.

1.5. In addition, we sought evidence and views from renderers, abattoir owners, gut-room contractors, brokers and merchants, retailers, buyers of rendered products, pet food manufacturers, and suppliers of rendering plant. We also approached certain Government departments, associations of local authorities, The Institution of Environmental Health Officers, the Meat and Livestock Commission and trade associations as well as the Confederation of British Industry and the Trades Union Congress.

1.6. Members of the Commission visited the rendering plant of John Knight (Animal By-Products) Ltd (a subsidiary of Prosper De Mulder Ltd) at Silvertown, East London, and other rendering plants and abattoirs.

1.7. A clarification hearing with representatives of Prosper De Mulder Ltd was held on 4 November 1983.

1.8. On 16 January 1984 we informed Prosper De Mulder Ltd of our provisional conclusion that a monopoly situation as defined in section 6(1)(a) of the Fair Trading Act 1973 existed in favour of Prosper De Mulder Ltd and its subsidiaries in relation to the supply in Great Britain of animal waste for rendering. We notified the company of the ground for this provisional conclusion and outlined the points which the Commission would need to consider when assessing the effect of the monopoly situation on the public interest. We received a written submission in reply to our letter of 16 January 1984 and representatives of Prosper De Mulder Ltd attended a hearing on 6 July 1984 for the purpose of discussing these matters with us. At this meeting the company was represented by Counsel.

1.9. A further hearing with representatives of Prosper De Mulder Ltd was held on 26 November 1984 to discuss issues which might have a bearing on the public interest.

1.10. Some of the evidence obtained in the course of the inquiry was of a commercially confidential nature and our report contains only such information as we consider necessary for an understanding of our conclusions.

1.11. We should like to place on record our thanks to Prosper De Mulder Ltd, upon whom we made considerable demands for evidence, and to all who submitted evidence in writing or orally, and to those who responded to questionnaires or otherwise assisted the Commission.

1.12 Throughout our report 'PDM' means Prosper De Mulder Ltd or the group consisting of Prosper De Mulder Ltd and its subsidiary companies as appropriate.