

British Aggregates Association

Press Release – Immediate – 8th January 2010

Aggregates Levy – Final Nail in the Coffin?

BDS Marketing Research has issued an independent analysis of trends in aggregates market since 1990, and the effects of the Landfill Tax and the Aggregates Levy (AGL).

It concludes that the AGL did not have a discernible effect in decreasing primary aggregate use, but it has created serious market distortions.

UK pre-cast concrete manufacturing has been put at a competitive disadvantage by imported concrete products which have more than quadrupled since the Levy was introduced. Although imported aggregates have to pay the Levy the aggregates within imported concrete products do not.

There is also evidence of increased road miles for Levy exempt aggregates – with an increased carbon footprint – and growing stockpiles of quarry by-products which can no longer compete in a skewed market.

The BDS study also highlights the low earning potential of the Levy as the public sector uses over half of all aggregates consumed. The output of quarries has fallen dramatically due to the financial crisis and even supplies of grit for ice-bound roads have to pay the Levy.

British Aggregates Association Director Robert Durward;

“The publication of this report is timely as we await the long overdue decision from the EU General Court. Despite the higher Court (ECJ) finding against the UK Treasury in December 2008 the Government seems intent on collecting every last penny from its deceitful and damaging stealth tax.”

ENDS:

Notes for editors;

1. “The Effects of the Landfill Tax and Aggregates Levy by an analysis of Aggregates markets since 1990” .BDS Marketing Research, December 2009.
<http://www.british-aggregates.co.uk/documentation/doc118.pdf>
2. The AGL was introduced in April 2002 at £1.60 per tonne and increased to £1.95 per tonne from April 2008 and to £2 per tonne from April 2009.
3. The AGL raises around £600million each year for the Treasury.
<https://www.uktradeinfo.com/index.cfm?task=bullaggr&hasFlashPlayer=true>
4. No other EU country taxes aggregates in this manner. A recent European Environment Agency (EEA) report of June 2008 on the effectiveness of environmental taxation on aggregates has noted in conclusion 5 that "there was not any clear evidence in Italy or the United Kingdom to show that the objective of reducing environmental externalities had been achieved."
http://www.eea.europa.eu/publications/eea_report_2008_2
5. The text of the ECJ Judgment is [here](#) (click onto top link "Judgment" on BAA case file)
6. The text of AG Mengozzi’s opinion is [here](#) (click onto “Opinion” link on BAA case file)

7. Aggregates Levy Judgment Could Cost Treasury £600million [PR](#) 6th January 2009
8. Aggregates Levy Update [PR](#) 24th July 2009

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