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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Joseph J. Simons, Chairman**
Noah Joshua Phillips
Rohit Chopra
Rebecca Kelly Slaughter
Christine S. Wilson

In the Matter of	
Quaker Chemical Corporation, **a corporation,**	**Docket No. C-4681**
Global Houghton Ltd., **a corporation,**	**PUBLIC**
Gulf Houghton Lubricants Ltd., **a corporation,**	
and	
AMAS Holdings Spf, **a private asset management company.**	

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act ("FTC Act"), and by virtue of the authority vested in it by said Act, the Federal Trade Commission ("Commission"), having reason to believe that Respondent Quaker Chemical Corporation ("Quaker") intends to acquire Global Houghton Ltd. ("Houghton"), in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and which, if the acquisition is consummated, may substantially lessen competition in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18, and Section 5 of the FTC Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint pursuant to Section 5(b) of the FTC Act, 15 U.S.C. § 45(b), and Section 11(b) of the Clayton Act, 15 U.S.C. § 21(b), stating its charges as follows:

I. RESPONDENTS

1. Respondent Quaker is a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania with its executive offices and

principal place of business located at One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428-2380.

2. Respondent Houghton is a corporation organized, existing, and doing business under and by virtue of the laws of the Cayman Islands with its executive offices and principal place of business located at 945 Madison Avenue, Valley Forge, Pennsylvania 19403.

3. Respondent Gulf Houghton Lubricants Ltd. is a corporation organized, existing, and doing business under and by virtue of the laws of the Cayman Islands with its executive offices and principal place of business located at Whitehall House, 238 North Church St., P.O. Box 1043, George Town Grand Cayman, Cayman Islands, KY1-1102.

4. Respondent AMAS Holding Spf is a société de gestion de patrimoine familial, organized, existing, and doing business under and by virtue of the laws of the Grand Duchy of Luxembourg, with its executive offices and principal place of business located at 412F, Route d'Esch, L, 2086, Luxembourg City, Luxembourg.

II. JURISDICTION

5. Respondents, either directly or through corporate entities under their control, are, and at all relevant times have been, engaged in commerce or in activities affecting "commerce" as defined in Section 4 of the FTC Act, 15 U.S.C. § 44, and Section 1 of the Clayton Act, 15 U.S.C. § 12.

III. PROPOSED ACQUISITION

6. Pursuant to a Share Purchase Agreement dated April 4, 2017, Quaker proposes to acquire the voting securities of Houghton. Quaker will acquire all the voting securities of Houghton. Shareholders of Houghton will receive, in the aggregate, $172.5 million of cash and newly issued shares of Quaker stock representing 24.5 percent ownership interest in Quaker. ("the Acquisition").

7. The Acquisition constitutes an acquisition subject to Section 7 of the Clayton Act, 15 U.S.C. § 18.

IV. THE RELEVANT MARKETS

8. A relevant product market in which to analyze the effects of the Acquisition is aluminum hot rolling oil ("AHRO") and associated technical support services. AHRO is used in the production of aluminum sheet. At an aluminum rolling mill, AHRO is applied directly to the metal as it passes through the mill's rollers, providing lubrication and protecting the metal. AHRO is necessary for the production of aluminum sheet. There is no viable or economic substitute for AHRO.

9. A relevant product market in which to analyze the effects of the Acquisition is steel cold rolling oil ("SCRO") and associated technical support services. SCRO includes

(1) sheet cold rolling oil; (2) tin plate rolling oil ("TPRO"); and (3) pickle oil. SCRO is used in the production of steel sheet. At a steel rolling mill, SCRO is applied directly to the metal as it passes through the mill's rollers, providing lubrication and protecting the metal. TPRO is a type of SCRO used for rolling steel to a thinner gauge with a narrower width. Pickle oil is a type of SCRO used by steel producers to prevent corrosion on steel sheet after it goes through an acid bath. SCRO is necessary for the production of steel sheet. There are no viable or economic substitutes for SCRO.

10. North America is the relevant geographic market for AHRO and associated technical support services. Customers typically receive AHRO shipments via tanker truck. Given the large volumes of AHRO required to run an aluminum mill, and the need for timely re-supply, shipping AHRO from outside North America is cost- and supply-prohibitive. Additionally, when AHRO issues arise at an aluminum mill, customers require on-site technical assistance as soon as possible to prevent an expensive delay in production.

11. North America is the relevant geographic market for SCRO and associated technical support services. Customers typically receive SCRO shipments via heated tanker truck. Given the large volumes of SCRO required to run a steel mill, and the need for timely re-supply, shipping SCRO from outside North America is cost- and supply-prohibitive. Additionally, the SCRO used in North America is often supplied via heated tanker truck because it will congeal under typical tanker truck conditions. When SCRO issues arise at a steel mill, customers require on-site technical assistance as soon as possible to prevent an expensive delay in production.

V. MARKET STRUCTURE

12. The market for the manufacture and sale of AHRO and provision of the associated technical support services in North America is highly concentrated.

13. Quaker and Houghton are the only two commercial suppliers of AHRO in North America.

14. The market for the manufacture and sale of SCRO and provision of the associated technical support services in North America is highly concentrated.

15. Quaker and Houghton are the two largest commercial suppliers of SCRO in North America. Smaller SCRO suppliers exist, but these suppliers do not possess the technical expertise or staff to replace competition lost as a result of this merger.

VI. ENTRY CONDITIONS

16. Entry, repositioning, or fringe firm growth would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition. Switching to a new AHRO provider is an expensive process for customers and the testing can take up to 18 months.

17. Entry, repositioning, or fringe firm growth would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition. Switching to a new SCRO provider is an expensive process for customers and the testing can take more than 18 months.

VII. EFFECTS OF THE ACQUISITION

18. Absent relief, the Acquisition may substantially lessen competition by creating a monopoly in the market for AHRO and associated technical support services.

19. Absent relief, the Acquisition may substantially lessen competition in the SCRO market by increasing the likelihood that Quaker will unilaterally exercise market power in the market for SCRO and associated technical support services.

VIII. VIOLATIONS CHARGED

20. The Acquisition agreement constitutes an unfair method of competition in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45. The Acquisition, if consummated, may substantially lessen competition in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15.U.S.C. § 18, and is an unfair method of competition in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

IN WITNESS WHEREOF, the Federal Trade Commission, having caused this Complaint to be signed by the Secretary and its official seal affixed, at Washington, D.C., this twenty-third day of July, 2019, issues its complaint against Respondents.

By the Commission.