

CLARIANT/KILFROST MERGER INQUIRY

Summary of hearing with Airline Services on 31 March 2016

Background

1. Airline Services told us that it was the biggest supplier of aircraft de-icing services in the UK, [redacted] over 12 airports. Airline Services used type IV aircraft de-/anti-icing fluids (ADF) primarily.
2. Airline Services said [redacted].
3. [redacted], Airline Services received pre-mixed fluid but [redacted], it mixed concentrate with water onsite.
4. Airline Services said that its stocks on a typical site would last between [redacted], depending on the severity of the weather. [redacted]
5. Airline Services emphasised that quality of service was more important [redacted] for its customers.

Views on suppliers

6. Airline Services told us that it was important to it to have a UK-based ADF supplier with very large amounts of stock held in the UK. Holding stock in the UK was more important than the location of manufacture itself. [redacted]
7. In service terms, Airline Services told us that [redacted] in principle they would deal with anyone who fulfilled their precise requirements in terms of service quality and quality of product, price, the ability to supply both types I and IV, both as pre-mixed solutions and as concentrates.
8. Airline Services said that while it could source type I and type IV ADF separately in principle, it would prefer not to [redacted].

Switching

9. Airline Services told us that switching supplier was not a simple process. [redacted] it could take months to carry out. Airlines did take an interest in any changes, and needed to be consulted and kept informed.

10. Airline Services emphasised that different suppliers' fluids could not be mixed together in the same tank. [X]. The logistics of emptying rigs and tanks, cleaning and relabelling them, and updating written manuals, all while maintaining stock levels, were complicated.
11. [X]
12. Airline Services estimated that a new mixing plant, [X], were a company to switch from pre-mix to concentrate. Generally, concentrate would be the preference where this was possible depending on local water characteristics.
13. Airline Services could switch from concentrate to pre-mixed [X], as long as it was the same provider.

Trial with [X]

14. Airline Services told us that it was trialling [X], commercially, it made sense to have a secondary supplier in place. This decision was based more on ensuring security of supply [X].
15. Airline Services said that [X].
16. Airline Services said that [X].
17. Airline Services said that while each individual airport might be a small contract, this would still be attractive to ADF suppliers [X].

Bidding and negotiations

18. Airline Services said that companies buying ADF directly generally had a very good understanding of the prevailing market rate and were well-placed to know whether or not they were getting a good deal.
19. Airline Services said that in order to get the best price offer, the ADF seller [X]. [X] the buyer would want to have some prior experience of the seller. Given the challenges to switching, this meant that speculative price enquiries to potential new suppliers were not common.