

CLARIANT/KILFROST MERGER INQUIRY

Summary of hearing with Esseco on 16 March 2016

Background

1. Esseco (formerly Brotherton) told us that its aircraft de-/anti-icing fluids (ADF) business had involved buying the product (type II ADF) from Abax in France and transporting it to the UK, repackaging it and distributing it to customers. Esseco did not engage in any of its own production. Esseco exited the ADF market in 2013 after about ten years. Esseco continued to supply runway de-icer [§].
2. Esseco said that while it could potentially produce ADF products in the UK, [§]. [§] this would require investment.
3. Esseco noted that apart from some recent additions, it was only Clariant and Kilfrost who were available to make and supply aircraft de-icing fluid and that the two companies led the market.
4. Esseco stated that it did not have any particular interest in going back into the market either as a distributor or potentially as a producer of ADF.

Esseco's infrastructure in the UK

5. Esseco told us that it would bring ADF [§] from Abax [§]. Where airports had storage tank facilities, Esseco would supply bulk containers [§].
6. Esseco told us that it would take about three days to get ADF from Paris [§].
7. Esseco said that it had been approached by [§] at some point between 2008 and 2012 to enquire as to whether Esseco would be interested in introducing blending facilities and capabilities.
8. Esseco said that when it was supplying ADF in the UK, it had decided not to enter into production. [§]. Esseco had reviewed this three or four times over their time in the market and reached the same conclusion every time.

Esseco's relationship with Abax

9. Esseco said that when supplying Abax product, it had taken on a number of risks: [☒].
10. Esseco said that it had free rein in terms of how to commercialise the product, how to sell it and who to sell it to.
11. [☒]
12. Esseco said that in the winter of 2010, shortages of monopropylene glycol (MPG) led [☒] from supplying customers outside France. This had a negative effect on Esseco's business and was an important contributing factor in Esseco's exit of the market.

Esseco's experience in the UK market

13. Esseco said that it had sought to expand its business by approaching new customers but that it thought that its price was not competitive [☒].
14. Esseco told us that part of the reason for this was that buying finished type II ADF from France [☒]. This raised Esseco's costs in contrast to UK-based manufacture. [☒]
15. Esseco said that while it had offered type I, [☒], it had not been able to be competitive on type I. Esseco considered type II to be the 'major market'.
16. Esseco told us that [☒] had been a major customer and had originally approached Esseco to be an additional supplier to the UK market [☒]. Esseco said that it was not possible to use ADF from two different suppliers together at the same station [☒].
17. Esseco stated that in 2011 and 2012 it had supplied ADF as far as Aberdeen in the north, Belfast in the west and London in the south.
18. [☒]

Runway de-icing

19. Esseco told us that it also supplied runway de-icer, both in fluid and granulate form. Competitors included Omex, Univar, LNT Solutions and Proviron. [☒]
20. Esseco said that there were no synergies between aircraft and runway de-icing.

21. Esseco said that one could use the same logistics provider for ADF and runway de-icing fluid to transport material around the UK.