

NON-CONFIDENTIAL

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**The Anticipated Acquisition by Taminco NV of the European Methylamines
and Derivatives Business of Air Products (Chemicals) Teesside Ltd**

**MAIN SUBMISSION FROM AIR PRODUCTS
AND CHEMICALS INC.**

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A The Company – Air Products

1 Historical overview

Air Products was founded in 1940 in Detroit, Michigan. Air Products is active in the supply of industrial gases and specialty gases as well as in the supply of certain chemicals and other secondary products and services.

2 Organisation

Air Products and Chemicals Inc. (“**APCI**”) is incorporated in Delaware, U.S.A. In the UK, Air Products’ subsidiaries include Air Products plc and Air Products (Chemicals) Teesside Limited (“**APCT**”) (APCI and APCT are referred together as “**Air Products**”). APCI is 100% ultimate shareholder of APCT. APCI is a publicly owned company traded on the New York Stock Exchange with a market capitalization of approximately US\$ 11.7 billion. In 2003, APCI generated approximately USD5.4 billion in annual revenues worldwide and had operations (through subsidiaries, affiliates and joint venture partnerships) in over 30 countries, with approximately 17,200 employees.

The corporate headquarters of Air Products are located in Allentown, Pennsylvania, U.S.A. and its European headquarters are located at Hersham, near London.

3 Principal activities

The principal activities of Air Products include:

3.1 Gases

Air Product’s gases segment includes its industrial gases, healthcare, power generation and flue gas treatment businesses which supply industrial and specialty gases. The main industrial gases sold by Air Products are oxygen, nitrogen, argon, hydrogen, carbon monoxide, carbon dioxide, synthesis gas (combined streams of hydrogen and carbon monoxide) and helium. Industrial gases are delivered either from an on-site plant built adjacent to the customer’s facility or via a pipeline (tonnage supply), via a lorry (bulk supply) or via the supply in cylinders from a regional distribution centre (cylinder supply). Industrial gases are used for a variety of purposes including chemical processing, electronics, refining, metal production, food processing, and medical gases. Air Products is also active in the supply of medical gases and other specialty gases to the medical, analytical and electronics industry. For example, the global healthcare business provides medical gases for use in hospitals, clinics, and nursing homes, as well as helium for use in magnetic resonance imaging. In October 2002, Air Products entered the US homecare business through its acquisition of American Homecare Supply, which is one of the ten largest US homecare providers of respiratory therapy, infusion services and home medical equipment. Air Products has constructed, operates and has approximately a 50% interest in power generation facilities in California, Rotterdam and Thailand and a flue gas treatment facility in Indiana, U.S. The Gases segment generates approximately 70% of Air Product’s revenue.

3.2 Chemicals

Air Product’s chemical business is organized around two divisions: performance materials and chemical intermediates. Principal products of performance materials are emulsions, specialty additives, polyurethane additives and epoxy additives. Principal chemical

intermediates are amines (including methylamines and its derivatives as well as higher amines) and polyurethane intermediates. The end uses for Air Product's chemical products are extensive including furniture, adhesive, textile, paper, building products, and agriculture. The chemicals segment generates approximately 25% of Air Product's revenue. Air Products chemical business is active in the supply of both performance materials and chemical intermediates in Europe (either via European production or imports from the US).

3.3 Equipment

Air Products designs and manufactures cryogenic and gas processing equipment for air separation, gas processing, natural gas liquefaction and hydrogen purification. Air Products also designs and builds cryogenic transportation containers for liquid helium. The equipment segment generates approximately 5% of Air Product's revenues.

B The relevant markets

The proposed transaction is for the sale of certain assets relating to the commercial operations of Air Product's European methylamines and methylamine derivatives business. Air Products produces methylamines in both the US and Europe, however, methylamine derivatives are only produced in Europe. It should be noted that the European methylamine and derivatives business forms [] of APCI turnover.

Therefore in relation to this particular transaction, there are four relevant markets: methylamines, DMF, Choline Chloride and Alkylalkanolamines. The latter three products are methylamine derivatives. Considering each in more detail:

4 Methylamines

- 4.1 Methylamines are produced by reacting methanol with ammonia. The result of this reaction is a mix of monomethylamine (**MMA**), dimethylamine (**DMA**) and trimethylamine (**TMA**).
- 4.2 In Europe, methylamines are predominantly used by producers for their own manufacture of derivative products. For example, in Europe Air Products processes approximately []% of its methylamines internally to produce methylamine derivatives. Air Products estimates that a similar split between own use and merchant sales applies across the whole methylamines sector in the EEA, i.e. only around []% of methylamines production in the EEA is sold to third parties.
- 4.3 There are over 200 end-use applications for methylamines. However, the methylamine building blocks sold for each application are identical and prices do not vary according to the use to which they are put, hence the market should not be segmented by end use application.
- 4.4 All manufacturers of methylamines produce all three types of methylamines (MMA, DMA and TMA), because the three molecules are produced simultaneously in the same reaction. After reaction, the three molecules are separated by distillation. The quantities and proportions of each molecule vary depending on the catalyst used and the plant technology in the reaction procedure.
- 4.5 The relative proportions in the final production mix can further be altered by recycling compounds that are too plentiful back into the reactor feed. Recycling any given methylamine would result in relatively less of that molecule being produced and relatively

more of the other two methylamines. Depending on the production process, the proportions of different methylamines being produced can be significantly altered by a variety of methods and at very short notice.

- 4.6** In the event of a price rise of 5% or above for one of the methylamines, methylamine producers could produce relatively more of one methylamine and relatively less of one or both of the others. Owing to the possibility of switching production from one methylamine to another, either through recycling, plant adjustments or a change of catalyst, or a combination of these methods, Air Products considers that all three types of methylamines belong to the same relevant product market. This analysis was accepted by the OFT during its investigation.

Geographic dimension

- 4.7** Methylamines are produced as gases, and can either be liquefied or dissolved to form a solution. In solution, they can be transported over very long distances in vessels such as drums or isotankers. Anhydrous methylamines in gas form can be transported in gas containers and are routinely transported across Europe. Customers require special facilities to separate methylamines from solution, so some may exhibit a preference for anhydrous methylamines. However, other customers prefer methylamines in solution, which are less expensive to store. There is a trade-off between the costs of transporting and storing gas and the costs of separation equipment that ensures that the overall cost to the customer of buying methylamines in gas or liquid form are similar.
- 4.8** Different methylamine producers supply customers all over Europe from one or two production facilities each. Air Products supplies methylamines from its Billingham plant to customers in countries such as Austria, Finland, Germany and Spain. Prices of methylamines for equivalent volumes in the UK are []. Prices in the UK are and will continue to be, determined by conditions prevailing on international markets. Indeed, Air Products is currently the only UK-based producer of these products. There is substantial import penetration in the UK, and it is not necessary to have a local presence in order to compete effectively for business in the UK.
- 4.9** European producers also supply methylamines outside Europe. There are no national regulatory or other barriers to the import into the EEA of methylamines, although they are subject to certain safety regulations during transport. Other producers similarly ship products directly from their plants outside the UK.
- 4.10** Besides the methylamine producers in the EEA, there are producers in adjacent regions such as Russia and Romania, who are likely to have lower production costs than EEA producers as well as excess capacity. They are able to supply demand in Europe, on competitive terms compared to EEA based producers. They also have the advantage of proximity to the largest purchaser of methylamines in the EEA, Huntsman, based in Hungary.
- 4.11** Air Products submits that the relevant market is at least European-wide. This analysis was accepted by the OFT during its investigation.

5 DMF

Product dimension

- 5.1** DMF is a solvent produced by reacting DMA with carbon monoxide or methyl formate. Its uses include urethane coatings, acrylic fibres, electronics, pharmaceutical products, For

several of these applications, there are demand side substitutes, such as acetone and the other methylamine derivatives, dimethylacetate (DMAc) and N-methylpyrrolidone (NMP), although the use of such substitutes can be limited by pricing considerations. As with methylamines, prices do not vary according to end-use application.

Geographic dimension

- 5.2 Prices of DMF for equivalent volumes in the UK are []. Moreover, imports into the EEA are significant, at around 20% of total demand. The existence of substantial trade flows clearly indicates that DMF can be shipped easily around the world and that demand can be satisfied by supply from outside Europe.
- 5.3 Foreign producers who seek to sell in the EEA do not need to set up a sales organisation in Europe to sell DMF. They can rely on independent distributors.
- 5.4 These elements all point compellingly towards a world-wide market for DMF. In its analysis the OFT accepted that the appropriate geographic market definition may be wider than Europe, although this question was left open.

6 Choline Chloride

Product dimension

- 6.1 Choline Chloride (“**CC**”), also known as Vitamin B4, is produced by reacting TMA with (i) hydrochloric acid and ethylene oxide (“**EO**”); or (ii) ethylene chlorohydrin. It is used principally as an additive for animal feed, but is also used as a food supplement for human consumption, a catalyst, a curing agent and a neutralising agent. Again, prices do not vary according to end-use application (whilst prices for the very pure CC required for human consumption are higher, none of the parties to the transaction produce this type of CC).

Geographic dimension

- 6.2 CC is produced in regions or countries such as Europe, Canada, the US, China, India, Japan, Korea and Mexico. CC is transported as a liquid in a solution or dried on a “carrier” such as corn cobs. Overall transport costs for CC are roughly the same whether it is transported on carrier or in solution. It is estimated that world-wide CC transport costs are on average 7% to 10% of sales prices. Average CC transport costs in Europe are 6-8% of CC selling prices.
- 6.3 Prices of CC for equivalent volumes in the UK are []. Moreover, there are significant imports and exports of CC world-wide and CC is routinely transported in significant quantities to customers in different geographic regions. Hence, Air Products considers the geographic scope of the market for CC to be world-wide. In its analysis, the OFT accepted that the appropriate geographic market definition may be wider than Europe, although this question was left open.

7 Alkylalkanolamines (AAAs)

Product dimension

- 7.1 Alkylalkanolamines are a class of chemicals which consist of alkyl components, such as methyl, ethyl or propyl groups; alkanol components, such as ethanol or propanol groups; and an amine component.

- 7.2** Three common alkylalkanolamines can be produced by reacting methylamines with EO, although other products can be reacted to yield other alkylalkanolamines. Alkylalkanolamines produced from the reaction of methylamines and EO include monomethylethanolamine (MMEA) and methyldiethanolamine (MDEA), which are produced when MMA reacts with EO, and dimethylaminoethanol (DMAE), which is produced when DMA reacts with EO.
- 7.3** Methylamine- based alkylalkanolamines are used for applications such as oil and gas treatment, water treatment, surfactants, catalysts for polyurethane production and reagents for the production of ion exchange resins.
- 7.4** In terms of production volumes, MDEA and DMAE are by far the most commercially important alkylalkanolamines. MMEA production accounts for only approximately 5% of total AAA production. For the purposes of this submission, the term “AAAs” is used to refer to the methylamine-based alkylalkanolamines, MMEA, MDEA and DMAE¹.
- 7.5** From a demand side perspective, there is no substitutability between different AAAs. MDEA is used in gas treatment, fabric softeners and various other applications such as paints and inks. The principal use of DMAE is in water treatment. MMEA is largely used as an intermediate to produce antihistamines or local anaesthetics. It is also used as a brightening agent in the dyeing of cotton/polyester blends.
- 7.6** However, supply side substitutability between the various AAAs is substantial. AAAs share similar raw materials. The technology used to produce each AAA is the same and almost all AAA producers produce all three types of AAAs. AAA producers can switch between AAAs in one and the same reactor, as does Air Products. Such switching is easy and inexpensive.
- 7.7** On this basis Air Products considers that MDEA, DMEA and MMEA belong to the same relevant product market. Following its investigation, the OFT also concluded that the supply and production of AAAs was the appropriate frame of reference.

Geographic dimension

- 7.8** Prices of AAAs for equivalent volumes in the UK are []. But Air Products believes that the relevant market is wider than Europe. AAAs are liquids that are easy to transport (in drums or isotankers). There are no specific health or safety hazards involved in transporting AAAs. Average transport costs of AAAs between the EEA and other geographic regions are estimated to be at approximately 10% of selling prices. Transport costs within the EEA are approximately 3-5% of selling prices. Import and other duties are limited (estimated at approximately 5% on average).
- 7.9** Imports from the US represent around 10% of total EEA demand.
- 7.10** Air Products submits that the relevant geographic market for AAAs includes at least US producers of AAAs. Over the last five years, on average, imports of MDEA from the U.S. into Europe have amounted to between 5 and 20% of 2003 sales in the EEA. While no significant imports of DMAE currently occur, there have been imports in the past and they would be feasible and profitable in current market conditions. The principal reason for their current absence, in Air Products’ view, is that DMAE purchasing in the EEA is dominated by two large buyers that operate according to medium term contracting arrangements and are evidently satisfied with the deals that they get from EEA sources. If these buyers

¹ Air Products markets these products under the trade name Amietols.

decided that the terms available from the EEA based suppliers were unfavourable, they would be able to pursue sources external to the EEA.

- 7.11 EEA-based producers also export substantial volumes to other geographic regions. There are several very large customers who operate globally and who are aware of pricing in different regions, therefore ensuring consistency of pricing.

C The Taminco Acquisition

8 Background

- 8.1 The proposed acquisition by Taminco NV ("**Taminco**") is for certain assets relating to the commercial operations of the European Methylamines & Derivatives Business (**EM&D Business**) from Air Products. That business is currently carried on by APCT (and to a lesser extent APCI and Air Products Japan Inc.) at the plant in Billingham, Teesside and based on a tolling arrangement [].

- 8.2 It should be noted that Taminco will not acquire the Billingham plant. For reasons set out below, Air Products decided to close that plant independently of the Taminco acquisition for lack of any acquirer of the plant.

- 8.3 Air Products acquired the EM&D Business from ICI in 1998. That acquisition did not include the [], Air Products entered into a tolling agreement with [](the [] **Agreement**) under which [] agreed to manufacture certain methylamine derivatives for Air Products [].

- 8.4 In recent years, [].

- 8.5 Accordingly, Air Products has decided to cease its European production of methylamines []. It should be noted that Air Products is not a producer of methylamine derivatives anywhere else in the world. Given this exit decision, Air Products wished to recoup [] its investment by selling [] assets [] relating to the EM&D business. It should be noted that Air Products []. Importantly, the Taminco acquisition allows Air Products to honour its contractual obligations to its customers which will thus not suffer from Air Products' exit from the business. This benefit to customers was recognised by the OFT in its investigation.

- 8.6 Air Products retained [] in June 2003 to conduct an auction of the EM&D business. [] contacted [] companies []. In total [] were approached. Of those [] companies, [] submitted indicative bids: [] (Air Products produces AAAs at both Billingham and through the [] Agreement) [].

9 The Proposed Transaction

- 9.1 According to the Business Sales Agreement concluded on 20 April 2004, Taminco is to acquire from Air Products the EM&D Business which produces and sells methylamines and certain methylamine derivatives. In this acquisition Taminco will acquire:

[] []

D Purpose and effect of the Acquisition

10 Purpose of the Acquisition

10.1 As set out above, the purpose of the transaction for Air Products was to recoup [] its investment by selling [] assets [] relating to the EM&D business, in light of its decision to exit. Air Products sold the EM&D assets []. The proposed transaction allows Air Products to honour its contractual obligations to its customers who will thus not suffer from Air Products' exit from the business. This benefit to customers has been recognised by the OFT.

11 Effect of the Acquisition on Competition – Counterfactual

11.1 The counterfactual to this transaction is a situation in which Air Products would have exited the relevant markets, ceased production at Billingham and []. As a result, all of Air Products capacity would have exited the market, while the Taminco acquisition preserves at least the [] AAA capacity for future supply..

11.2 Therefore Air Products believes that it cannot be said that this transaction would lead to a substantial lessening of competition.²

11.3 On 21st April 2004, Air Products announced its decision to close the Billingham facility. That irrevocable decision was taken by Air Products irrespective of this transaction, due to a lack of any taker of this plant and Air Products decision to exit the methylamines business. Air Products decision is based on the fact that the business is loss-making with no prospect of a return to profitability and Air Products' attempts to find a buyer have been unsuccessful. Closure of the plant is the only economically rational choice.[]

11.4 The closure of the Billingham plant is therefore a []. In its preliminary analysis, the OFT agreed that the continued operation of the Billingham plant was not a realistic alternative to closure and nor was an acquisition by a third party.

11.5 The OFT reference decision recognised the irrevocable and independent nature of the Billingham closure and drew the appropriate conclusions from this counterfactual.

12 Effect of the Acquisition on Competition in Methylamines

12.1 Evaluating the proposed merger on the basis of the counterfactual that Billingham will close means that Air Product's methylamines capacity will leave the market regardless of this transaction.

12.2 Air Products has [] methylamine contracts with customers in the UK. [] After expiry of these contracts, those customers are free to buy from other producers..

12.3 Methylamines are a widely traded commodity and capacity utilisation rates of European producers are only approximately 70%. Thus spare capacity held by remaining competitors provides a significant constraint on Taminco post transaction. Critical loss analysis shows that the excess capacity held by third parties is more than enough to discipline Taminco pricing.

² Note that Air Products is not asserting a "failing firm" defence. Similarly, in the Competition Commission's decisions in *GUS/March* and *Zeiss/Bio-Rad*, it accepted that the relevant counterfactual was the closure of the respective divisions of GUS and Bio-Rad, even though both the parent companies in question were profitable.

- 12.4** Although imports into the EEA are currently small, the potential for increased imports creates a further constraint on the remaining producers' ability to raise prices, in particular with the existence of a "competitive fringe" of suppliers just outside the EEA .
- 12.5** Accordingly, in its previous analysis the OFT accepted that the prospects for competition in the methylamines market would not be materially affected if the merger proceeds as Air Products will cease to compete and customers will be able to switch to other suppliers within a short time period.

13 Effect of the Acquisition on Competition in DMF

- 13.1** As is the case with methylamines, the transaction must be evaluated against the counterfactual of the Billingham plant closure.
- 13.2** On a world-wide basis no competition concerns can arise as the parties to the proposed transaction have a combined market share of []%. As with methylamines, UK prices for DMF are determined by conditions prevailing on international markets and the market is competitive.
- 13.3** Even if the market were European, Taminco's competitors have enough spare capacity to defeat any unilateral price increase by Taminco post transaction. Again, critical loss analysis corroborates this conclusion.
- 13.4** Equally, the existence of capacity outside the EEA combined with a demonstrated ability to import into the EEA would be sufficient to defeat any attempt to raise prices above competitive levels i.e. other players outside the EEA could increase the levels of their imports if the European producers attempted to raise prices.
- 13.5** Accordingly, in its previous analysis the OFT accepted that the prospects for competition in the DMF market would not be materially affected if the merger proceeds as Air Products will cease to compete and customers will be able to switch to other suppliers within a short time period.

14 Effect of the Acquisition on Competition in Choline Chloride

- 14.1** As is the case with methylamines, the transaction must be evaluated against the counterfactual of the Billingham plant closure.
- 14.2** On a world-wide basis Air Products estimates that its and Taminco's combined share of CC production capacity is []% and the post-merger estimated market share is []%. On an EEA basis, the combined share of sales is around []% and on a UK basis the combined share is around []%. However, sales to UK customers are very small..
- 14.3** After the proposed transaction a substantial amount of spare capacity will exist with Taminco's competitors, both inside and outside Europe. Again, critical loss analysis shows that it would not be profitable for Taminco to raise prices post-transaction and competitors spare capacity would absorb loss of sales by Taminco and defeat any attempted price increase.
- 14.4** In any event, the European capacity utilised to satisfy non-EEA demand could be easily used to satisfy demand in the EEA if prices were to rise in Europe. Air Products considers this threat and that posed by competing sources of supply outside the EEA is sufficient to prevent any increase in prices above competitive levels.

14.5 Accordingly, in its previous analysis the OFT accepted that the prospects for competition in the CC market would not be materially affected if the merger proceeds as Air Products will cease to compete and customers will be able to switch to other suppliers within a short time period

15 Effect of the Acquisition on Competition in AAAs

15.1 Air Products considers that the relevant counterfactual to the proposed transaction is:

- (i) the closure of the Billingham plant;
- (ii) []; and
- (iii) [].

Air Products would make []³ if it closed the Billingham facility but [] Following its investigation the OFT agreed that the continued operation of the [] Agreement by Air Products did not appear viable.

15.2 As noted above in section C, after a full auction process conducted by [] parties were interested in acquiring the current tolling agreement, []. Needless to say, the preservation of the [] capacity on the market on a long term basis (via the transfer to Taminco) would be a much preferable outcome from a competition perspective than the removal of that capacity from the market, which will happen if the Taminco transaction does not complete⁴.

15.3 Air Products disagrees with the OFT suggestion that [] – and thus the relevant counterfactual. [] ..

15.4 Above and beyond the counterfactual analysis, the supply of AAAs (both globally and in the EEA) is highly competitive. Air Products believes that there is substantial excess capacity among competitors at both the EEA and global levels, including BASF within the EEA. Competitors act in the marketplace as unconstrained suppliers, having driven down prices in the recent past. Once again, critical loss analysis shows that it would not be profitable for Taminco to raise prices (unless this is justified by increases in raw material costs) post-transaction as BASF and other competitors would be able to absorb increased demand for their products in a sufficient manner to defeat an attempted price increase.

15.5 If need be, producers can expand capacity easily, rapidly and at low cost, which would be an important constraint on Taminco's ability to increase prices post transaction. Air Products (and []) have themselves expanded capacity substantially in recent years, without major investments, through de-bottlenecking and optimisation of their existing plants. Air Products has no reason to believe that other competitors such as BASF's capacity expansion possibilities are any different, and the size and term of some of the contracts up for competition also give such competitors every incentive to expand their capacity if they were offered these contracts. Indeed, Taminco itself provides an excellent example of how a very small scale entrant – who entered just a few years ago – can rapidly become a major competitor.

15.6 Customers have significant countervailing buyer power. For example, it is estimated that the two main customers of DMAE ([]) account for well above 50% of DMAE demand in Europe (and, [] in particular will have very detailed knowledge of the AAA market and

³ Continuation of the [] Agreement would also [.] .

⁴ [] .

production costs). Thus Air Products considers that these customers could credibly threaten to deprive Taminco (or any of its competitors) of substantial volumes. They would be able to follow-up on their threats by switching those volumes to other producers which have sufficient spare capacity (including BASF). Moreover, such customers could and would “sponsor” new entry or capacity expansion underwriting the cost of entry or expansion by awarding a significant long term contract for the supply of product. In particular, a European customer like [] could underwrite the costs of establishing an import supply chain for a US supplier with the capacity to make sales into the EEA ([]) or underwrite the cost of expansion or entry by a European player.

15.7 Air Products considers that the mere threat of such behaviour by customers is sufficient to constrain the pricing of producers such as Taminco and in all likelihood such threats would never need to be carried out in order to secure competitive prices.

15.8 With or without the sponsorship, US producers constitute a clear competitive constraint on Taminco’s ability to raise prices post transaction (e.g. through “hit and run” competition in the event that Taminco attempted to increase the prices charged to European customers). Air Products considers that there is significant surplus capacity available in the US, at each of the main producers (Dow, Huntsman and Atofina): indeed, Air Products estimates that US producers’ combined capacity utilisation is only around 60%, meaning significant volumes could potentially be made available to sell to Europe. At current prices and exchange rates, also, importing from the US into the EEA is profitable for US producers. Absent such sales, the capacity used would remain idle and potential contributions to fixed costs would be foregone, therefore US producers would have an economic incentive to make those sales. Air Products estimates that, even including the costs associated with imports, US producers still realise a contribution of around []% on European sales.

15.9 Nor is new entry into AAAs difficult, as demonstrated by Taminco’s entry in 1998. This entry would most likely be through forwards or backwards integration (depending in large part on access to raw materials). Air Products considers that that a very small price increase would give a customer a strong incentive to integrate upstream into AAAs.

16 Effects of the Acquisition on competition - coordination

16.1 Air Products considers that the conditions of competition in these markets show that there is no basis for tacit co-ordination. Within each of the relevant markets contracts are negotiated individually with customers and pricing is not transparent. Each producer has different capacity utilisation and is likely to have different cost functions (plant age and size is different, degree of vertical integration is different, for example BASF is backwardly integrated in the production of methylamines and its raw materials etc). Therefore firms have no ability to align their behaviour.

16.2 Second, firms in these markets would have no ability to detect any deviation from coordinated behaviour, and as a result of their different cost functions, would have widely differing incentives whether or not to maintain such coordinated behaviour. Contract prices are not published and contract sizes are uncertain. Suppliers generally do not know how much in total customers are buying and what proportion of customers’ business they are accounting for and, accordingly, are not able to detect significant price or volume movements by rivals. It follows that punishment would be difficult to achieve. Further, the size and duration of certain contracts increases the incentive to deviate from coordinated behaviour in order to secure those contracts.

16.3 Finally, achieving stability in the face of fringe competition and competitive constraints posed by imports is not feasible. Customers have very considerable buyer power and the ability to sponsor new entry or expansion by awarding a large contract, and thus to increase available production capacity.

17 Conclusion

As a result of the factors outlined above, Air Products considers that the transaction should by no means be regarded as leading to a substantial lessening of competition.