

***Case No COMP/M.4179 -  
HUNTSMAN / CIBA TE  
BUSINESS***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 30/06/2006

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.06.2006  
SG-Greffe(2006) D/203420

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sir/Madam,

**Subject: Case No COMP/M.4179 –Huntsman/Ciba TE Business  
Notification of 23.05.2006 pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 23 May 2006, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which the undertaking Huntsman International LLC (“Huntsman”, United States) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of Textile Effects Business of Ciba Specialty Chemicals Holding Inc (“Ciba TE Business”, Switzerland) by way of purchase of shares and purchase of assets.

**I. THE PARTIES**

2. Huntsman International LLC (“Huntsman”) is a company incorporated under the laws of Delaware (US) and a 100% owned subsidiary of the Huntsman Corporation. Huntsman develops, produces and distributes a wide variety of chemical products world-wide.
3. Ciba Specialty Chemicals Holding Inc (“Ciba”) is a company incorporated under the laws of Switzerland. Together with its subsidiaries, Ciba engages in the development and production of specialty chemicals. The company operates in four segments: Plastic Additives, Coating Effects, Water and Paper Treatment and Textile effects. Ciba’s

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<sup>1</sup> OJ L 24, 29.1.2004 p. 1.

Textile Effects Business supplies dyes and chemicals, services and integrated solutions to the textile industry on a world-wide basis.

## **II. THE OPERATION**

4. The operation consists of the acquisition by Huntsman of Ciba TE Business, which consists of certain rights, properties and assets as set out in the Share and Asset Purchase Agreement and of the legal title to and beneficial ownership of shares of the TE Companies.

## **III. CONCENTRATION**

5. The operation is a concentration within the meaning of Article 3(1)(b) of Council Regulation (EC) No 139/2004. Under the transaction, Huntsman acquires 100% ownership and therefore sole control of the Ciba TE Business.

## **IV. COMMUNITY DIMENSION**

6. The combined aggregate world-wide turnover of the undertakings concerned is more than €2.5 billion ([...] Huntsman in 2005, [...] Ciba in 2005). The aggregate Community-wide turnover of each of at least two of the undertakings concerned is more than €100 million ([...] Huntsman in 2005 and [...] Ciba in 2005). In addition, in each of at least three Member States the combined aggregate turnover of all the undertakings concerned is more than €100 million and the aggregate turnover of each of at least two of the undertakings concerned is more than EUR 25 million. None of the undertakings concerned achieved more than two-thirds of its aggregate Community-wide turnover in 2005 within one and the same Member State.
7. The notified operation therefore has a Community dimension within Article 1(3) of the Council Regulation (EC) No 139/2004.

## **V. MARKET DEFINITION**

### ***Relevant product markets***

8. The notified merger concerns the dyestuffs and textile chemicals sector.

### ***Upstream Markets – Huntsman input products***

9. Huntsman develops, produces and distributes a wide variety of chemical products world-wide, ranging from basic commodity chemicals to higher value-added speciality intermediate chemicals. The company is organised around six business segments: polyurethanes, advanced materials, performance products, pigments, polymers and base chemicals. Of these products only the following constitute affected product markets:
  - In the area of amine performance products four categories of ethyleneamines (AEEA, DETA, TETA and TEPA) and morpholine;
  - amphoteric and anionic surfactants
10. In the area of polyurethanes, advanced materials, other performance products, pigments, polymers and base chemicals, there are either no overlaps or the market share is less than 25%. As such, given that the relationship between the parties for the

relevant products is vertical, it is unlikely that the transaction would lead to a significant impediment of competition in these markets.

11. In the area of surfactants, the parties combined market share is less than 15% for non-ionic and cationic surfactants at both an EEA and world-wide level. As such, given that the relationship between the parties for these products is horizontal, it is unlikely that the transaction would lead to a significant impediment of competition in these markets.

#### *Performance Products*

12. Ethyleneamines are commodity chemical intermediate products which are derived from ethylene. Ethyleneamines are used in lubricants, fuel additives, epoxy hardeners, wet strength resins, chelating agents and fungicides.
13. The parties argue that the different types of ethyleneamines (AEEA, DETA, TETA, TEPA and AEP) are not substitutable one for the other. Although ethyleneamines are used for a large variety of applications and some ethyleneamines can be used for the same applications, according to the parties this does not indicate their substitutability, since the different varieties are being used in those applications for different purposes. In such marginal cases where substitutability between different varieties of ethyleneamines would technically be a possibility, this can only be achieved after expensive and time consuming testing and reformulating.
14. This has been confirmed by the results of the market investigation.<sup>2</sup>
15. In line with previous Commission decisions<sup>3</sup> and the above-mentioned argument, the parties submit therefore that there are five narrower sub-product market definitions of ethyleneamines: Aminoethylethanolamine (AEEA), Diethylenetriamine (DETA), Triethylenetetramine (TETA), Tetraethylenepentamine (TEPA) and Aminoethylpiperazine (AEP).
16. *Morpholine* is a versatile chemical which is largely used as an intermediate for the manufacture of rubber accelerators used to manufacture tires and as a corrosion inhibitor in steam condensate systems where it neutralizes corrosive carbonic acid. These two uses consume approximately two-thirds of global morpholine sales. Significant volumes of morpholine are also consumed as intermediates for optical brighteners for high-end writing paper, UV coatings for high-grade magazine paper, corrosion inhibitors for water-based lubricants, as an intermediate in the manufacture of more than fifteen pharmaceuticals and as an intermediate to make biocides for metal working lubricants.
17. The parties have indicated that there are a number of substitutes for morpholine in its various applications.<sup>4</sup> Given the variety of substitutes available in several of its

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<sup>2</sup> In the course of the market investigation, all customers, competitors and suppliers who replied agreed with the proposed product market definition.

<sup>3</sup> Dow Chemical/Union Carbide, Case COMP/M.1671 and Huntsman/MatlinPatterson/Vantico, Case COMP/M.3125.

<sup>4</sup> In water treating, which accounts for approximately 40% of morpholine use, morpholine competes with cyclohexylamine, dimethylethanolamine and methoxypropylamine for neutralizing carbonic acid in steam condensate systems. In addition, tertiarybutyl and cyclohexylamine have replaced morpholine in many rubber accelerator applications although morpholine remains the accelerator of choice for large industrial tyres.

applications, they argue that a wider product market than the market for morpholine may be appropriate. This argument has been confirmed by the results of the market investigation.<sup>5</sup> However, the parties submit that the exact scope of the relevant product market can be left open since even on the basis of the narrowest relevant product market - the market for morpholine - the proposed transaction will not give rise to any competition issues.

#### *Surfactants*

18. Surfactants (surface active agents) are substances that reduce the surface tension of a solution so that it can spread and wet surfaces more effectively. Surfactants are employed in the consumer goods sector as components of detergents and in the industrial sector as processing aids, where their physical properties (foaming regulators, wetting, emulsification, solubilisation, dispersion etc.) are used to facilitate processing.
19. In line with previous Commission decisions<sup>6</sup>, the parties submit that surfactants can be subdivided into four relevant product markets based on the ionic properties in water of the different surfactant segments, which is a function of their composition and indirectly, of the production processes used: *i) anionic surfactants; ii) non-ionic surfactants; iii) cationic surfactants and iv) amphoteric surfactants.*
20. In support of this, the parties submit that these four product market definitions should still hold, since the markets have not evolved significantly since the relevant decisions were taken and stress that the four categories are largely used for different purposes, although there is limited substitutability in particular applications. Furthermore, they argue that different producers of surfactants focus on the manufacture of different categories of surfactants.
21. This argument has been largely confirmed by the results of the market investigation.<sup>7</sup>
22. Of these four product markets, only amphoteric surfactants and anionic surfactants constitute an affected product market in this case.

#### *Result for market definitions for upstream Markets – Huntsman input products*

23. Ultimately, the definition of the relevant product markets can be left open, since, regardless of the precise market definition, the transaction will not give rise to competition concerns.

#### *Downstream Markets – Ciba TE Business products*

24. Ciba TE Business comprises two main product groups: textile dyestuffs and textile chemicals.

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<sup>5</sup> In the course of the market investigation, all customers, competitors and suppliers who replied agreed with this view.

<sup>6</sup> Huntsman International/Albright & Wilson Surfactants Europe, Case COMP/M.2231, Rhodia Donau Chemie/Albright & Wilson, Case COMP/M.1517.

<sup>7</sup> In the course of the market investigation, around 96% of all customers, competitors and suppliers who replied agreed with the proposed product market definitions.

### *Textile dyestuffs*

25. Textile dyestuffs are water soluble or dispersible substances for staining or colouring textiles. Different types of dyestuffs can be distinguished depending, *inter alia*, on the types of substrates to which dyes are applied, the physical and chemical nature of the dye and the application method used.
26. Based on these criteria, the products of Ciba TE Business can be allocated to the following application classes, which are established in the textile dyestuff industry: reactive dyes, vat dyes, direct dyes, acid dyes, metal complex dyes, chromium dyes, disperse dyes, cationic dyes and textile pigments.
27. Reactive dyes, vat dyes, direct dyes, sulphur dyes and naphthol dyes<sup>8</sup> are the main dyes for the substrate celluloses. Acid dyes, metal complex dyes and chromium dyes are the main dyes for the substrates wool, silk and polyamide. Disperse dyes are primarily used for polyester. Cationic dyes are used primarily in textiles for application to acrylics. Textile pigments are an insoluble colourant, which may be natural or synthetic, organic or inorganic.
28. The parties consider that while purchasers of these products may be able to substitute between different products within each application class, they are rarely able to substitute the products of one application class with products from another application class. This has been confirmed by the results of the market investigation.<sup>9</sup> As such, the parties agree with previous Commission decisions, which distinguish between the various application classes described above as distinct separate product markets.<sup>10</sup>
29. Of all the dyestuff product groups mentioned, only acid dyes as measured by value or volume would be an affected product market.

### *Textile chemicals*

30. Textile chemicals are used in yarn production and preparation, fabric formation, fabric finishing and other miscellaneous manufacturing operations.
31. Different types of textile chemicals can be distinguished depending on the types of substrates to which chemicals are applied, the timing of application and the effect of the textile chemical. Using these criteria, Ciba TE Business products in the textile chemicals segment can be categorized as fabric preparation products, sizing agents, de-sizing agents, bleaching auxiliaries, softening agents, dyeing and printing auxiliaries, optical brighteners, equipment and processing agents and coating agents.
32. The parties submit that the different categories of textile chemicals are not substitutable due to differences with respect to the types of substrates to which textile chemicals are applied, the moment of application and the effect of the textile chemical. In line with previous Commission decisions in this area, the parties therefore consider

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<sup>8</sup> Neither sulphur dyes nor naphthol dyes are manufactured by Ciba TE Business.

<sup>9</sup> In the course of the market investigation, around 94% of all customers, competitors and suppliers who replied agreed with the proposed product market definition.

<sup>10</sup> Bayer/Hoechst, Case COMP /IV M.534, BASF/Bayer/Hoechst/Dystar, Case COMP/M.1987, Platinum/Dystar, Case COMP/M.3469.

that the different categories of textile chemicals mentioned above constitute different product markets.<sup>11</sup>

33. This argument has been confirmed by the results of the market investigation.<sup>12</sup>
34. Of all the textile chemical product groups mentioned, only equipment and processing agents and optical brighteners as measured by value would be affected product markets. For the other textile chemicals there are either no overlaps or the market share is less than 25%.
35. *Optical brighteners* are fluorescent whitening agents, used mostly to supplement bleaches. As additives, they are designed to enhance the appearance of colours in fabrics and on papers and may also enhance or modify the appearance of white items.
36. *Equipment and processing agents* are finishing agents, which are used to process and refine textile dyestuffs. Used in the last step of the manufacture process, they enhance the end products with added values such as perspiration absorbance, softening, anti-static and anti-bacterial properties, sewability improvement and water repellence.

*Result of market definition for downstream markets – Ciba TE Business products*

37. Ultimately, the definition of the relevant product markets can be left open, since, regardless of the precise market definition, the transaction will not give rise to competition concerns.

***Relevant geographic markets***

38. The notifying parties submit that the relevant geographic markets for all non-affected markets mentioned above are world-wide, except for toluene, ethylene glycols, maleic anhydride, MDEA, AAAs and propylene glycols, which are argued to be either EEA or at least EEA-wide.
39. The parties submit that the relevant geographic markets for all surfactants are EEA-wide in scope. In support of this they argue that there is considerable cross-border trade of surfactants within the EEA, a lack of significant price differences between the Member States, low imports of surfactants from outside the EEA and high transport costs between different world regions compared to small margins. This is in line with previous Commission decisions where the Commission has concluded that the relevant geographic market for surfactants is European-wide<sup>13</sup> or Western European-wide<sup>14</sup>. However, the results of the market investigation do not for the most part support this, pointing instead towards the existence of a world-wide market.<sup>15</sup>
40. The parties consider that the geographic markets for both optical brighteners and equipment and processing agents are world-wide markets, since there is world-wide demand for these products and imports into the European Union are not subject to any substantial tariff rates. Furthermore, textile chemicals, like equipment and processing

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<sup>11</sup> Eg. Clariant/Hoechst (1997), Case COMP IV/M.911.

<sup>12</sup> In the course of the market investigation, all customers, competitors and suppliers who replied agreed with these product market definitions.

<sup>13</sup> Rhodia Donau Chemie/Albright & Wilson (1999), Case COMP IV/M.1517.

<sup>14</sup> Huntsman International/Albright & Wilson Surfactants Europe (2001), Case COMP COMP/M.2231.

<sup>15</sup> In the course of the market investigation, around 63% of all customers, competitors and suppliers who replied supported the existence of a world-wide market for surfactants.

agents are purchased by industrial customers who pursue global purchasing policies. This is in line with the previous Commission decision Clariant/Hoechst<sup>16</sup> which found the textile chemicals markets to be at least EEA-wide and possibly world-wide in scope. It is also supported by the results of the market investigation.<sup>17</sup>

41. The parties argue that the geographic market for acid dyes is *world-wide* since there are no quotas or other non-tariff barriers in the dyestuffs sector, which could restrict world-wide trade. Furthermore, the parties claim that transport costs do not have a significant impact on the level of imports and exports; price developments are world-wide correlated and textile dyestuff manufacturers, of which the majority are located in Asia, sell their products globally. This argument is supported by the results of the market investigation.<sup>18</sup>
42. In line with prior Commission decisions, the parties argue that the relevant geographic market for the various types of ethyleneamine is *world-wide*.<sup>19</sup> Tariffs and transport costs associated with the importation of ethyleneamines do not hinder the ability of manufacturers of ethyleneamines to import significant quantities of material into Europe. The results of the market investigation support this.<sup>20</sup>
43. As regards morpholine, the parties submit that the exact scope of the relevant product market *can be left open* since even on the basis of the narrowest relevant product market - the market for morpholine - the proposed transaction will not give rise to any competition issues. The results of the market investigation support a world-wide scope.<sup>21</sup>
44. Ultimately, the definition of the relevant geographic markets can be left open, since, regardless of the precise market definition, the transaction will not give rise to competition concerns.

## VI. COMPETITIVE ASSESSMENT

45. The proposed transaction does not lead to a significant structural change on the dyestuffs or textile chemicals markets, either in the EEA or world-wide.
46. With a few exceptions, the market shares of the parties are relatively small. The product markets in which the parties have more substantial market shares are vertically affected markets where several factors lean in favour of a conclusion that there would

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<sup>16</sup> Clariant/Hoechst (1997), Case COMP IV/M.911.

<sup>17</sup> In the course of the market investigation, all customers, competitors and suppliers who replied supported the existence of a world-wide market for both optical brighteners and equipment and processing agents.

<sup>18</sup> In the course of the market investigation, all customers, competitors and suppliers who replied supported the existence of a world-wide market for acid dyes.

<sup>19</sup> Deutsche BP / Erdolchemie (2001), Case COMP/M.2345.

<sup>20</sup> In the course of the market investigation, all customers, competitors and suppliers who replied supported the existence of a world-wide market for all named ethyleneamines.

<sup>21</sup> In the course of the market investigation, all customers, competitors and suppliers who replied supported the existence of a world-wide market for morpholine.



be little likelihood of foreclosure. In the horizontally affected markets, the increments which would result from the transaction are very small.

47. Market shares used for the analysis are based upon the parties' best estimates, which are largely supported by the results of the market investigation. Where the results of the market investigation were found to differ, it had no bearing on the competitive analysis of the transaction.

*Horizontal Markets - Surfactants*

48. Surfactants have been identified as the only product area where there is an overlap between the parties on a horizontal basis.
49. Of the four surfactant groups that are generally used in the industry to analyse surfactant markets, non-ionic and cationic surfactants are not affected markets at either EEA or world-wide level, as the parties combined market shares in 2005 for these product markets were in each case below 15%.
50. Shares of amphoteric and anionic surfactant sales in the EEA and world-wide by volume indicate who the main players on the surfactant markets are.

**Table 1: Share of Amphoteric Surfactant Sales by volume, 2005** <sup>22</sup>

<b>Players 2005</b>	<b>EEA Sales (%)</b>	<b>World-wide Sales (%)</b>
Huntsman	[20-30]%	[0-10]%
Ciba TE Business	[0-10]%	[0-10]%
Degussa	[20-30]%	[20-30]%
Cognis	[20-30]%	[20-30]%
Sasol	[10-20]%	[0-10]%
Rhodia	[10-20]%	[10-20]%
Clariant	[0-10]%	[0-10]%
Stepan	[0-10]%	[10-20]%
Akzo	[0-10]%	[0-10]%
Others	-	[10-20]%
Total	100%	100%

51. As regards amphoteric surfactants in 2005, the parties' combined EEA market share was [15-30]% (Huntsman [10-20]%, Ciba TE Business [0-10]%). The parties' combined global market share amounted to [5-20]% in 2005 (Huntsman [0-10]%, Ciba TE Business [0-10]%). Thus only the EEA market would be affected.
52. Post-merger, the parties will continue to face effective competition on the EEA market. With [20-30]% of the market, Huntsman competes closely with the market leader, Degussa ([20-30]%), and thereafter with Cognis ([20-30]%), which is followed by several smaller players (Sasol ([10-20]%), Rhodia ([10-20]%), Clariant ([0-10]%),

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<sup>22</sup> Parties best estimates. Market shares are likely to be largely similar based on value or volume. However, independent market reports concentrate on sales by volume of active material.

Stepan ([0-10]%) and Akzo ([0-10]%).)The parties combined market shares post-transaction ([15-30]%) would thus not make any difference to their current placement, through Huntsman, as one of the leading competitors on the amphoteric surfactant market in the EEA. Furthermore, the increment which would result from this transaction is very small ([<5]%).

53. The parties' combined market shares for amphoteric surfactants total [15-30]%, the transaction will result in a very small increment of about [<5]% and there are several serious competitors active within the same market. Therefore, the transaction will not significantly impede effective competition in the EEA amphoteric surfactants market.

**Table 2: Share of Anionic Surfactant Sales by volume, 2005<sup>23</sup>**

<b>Players 2005</b>	<b>EEA Sales (%)</b>	<b>World-wide Sales (%)</b>
Huntsman	[10-20]%	[0-10]%
Ciba TE Business	[0-10]%	[0-10]%
Cognis	[20-30]%	[10-20]%
Sasol	[20-30]%	[10-20]%
Kao	[0-10]%	[10-20]%
Stepan	[10-20]%	[10-20]%
Pilot	0	[0-10]%
Others	[20-30]%	[40-50]%
Total	100%	100%

54. As regards shares for anionic surfactants, in 2005, the parties' combined market share in the EEA was approximately [10-25]% (Huntsman [10-20]%, Ciba TE Business [0-10]%). World-wide, the parties' combined market share was about [0-10]% (Huntsman [0-10]%, Ciba TE Business [0-10]%). Thus only the EEA market would be affected.
55. Post-merger, the parties will continue to face effective competition on the EEA market. Sasol is the leading market player with about [20-30]% of the market, followed by Cognis ([20-30]%), the combined Huntsman Ciba TE Business entity ([10-20]%) and several smaller players such as Stepan ([10-20]%) and Kao ([0-10]%). Furthermore, the increment which would result from this transaction is very small ([<5]%).
56. The parties' combined market shares for anionic surfactants total [10-25]%, the transaction will result in a very small increment of about [<5]% and there are several serious competitors active within the same market. Therefore, the transaction will not significantly impede effective competition in the EEA anionic surfactants market.

*Vertical Markets – Textile Dyestuffs/Textile Chemicals*

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<sup>23</sup> Parties best estimates. Market shares are likely to be largely similar based on value or volume. However, independent market reports concentrate on sales by volume.

57. Of the textile dyestuffs, which are downstream from input products produced by Huntsman, Ciba has no market shares exceeding 25% on a world-wide level. There are therefore no affected relevant world-wide markets for downstream textile dyestuffs. It has a market share in excess of 25% within the EEA for acid dyes however and therefore this is an affected product market.
58. The parties argue that, despite Ciba's EEA market share of [30-40]% for acid dyes, the transaction will not result in any vertical foreclosure given the tiny quantities of each upstream input product incorporated into acid dyes downstream (Huntsman upstream input products being morpholine [30-40]% EEA, xylene [10-20]% EEA and nitrobenzene – no EEA sales), the number of alternative applications and the size and number of alternative suppliers for these inputs.
59. More particularly, in 2005 Ciba TE Business purchased [<1]% morpholine, [<1]% xylene and [0-10]% nitrobenzene sold by volume by all players in the EEA that year. Furthermore, according to the parties, each of these inputs is not currently sourced from Huntsman, but rather from third parties.
60. In addition to Huntsman (world-wide [30-40]%, EEA [30-40]%), several competitors are active world-wide in the three input products in question. BASF supplies morpholine from Germany and the US; Shell and Cespa, Veba, Ruhr Oel amongst others produce xylene in Europe<sup>24</sup> The parties therefore argue that there will be no downstream foreclosure of Ciba's competitors for these markets.
61. Morpholine, xylene and nitrobenzene account for a very small proportion of the total cost of producing acid dyes, respectively about [<5]%, [<5]% and [<5]% of the total production cost for acid dyes.<sup>25</sup>
62. In terms of upstream foreclosure of the morpholine, xylene and nitrobenzene markets, Ciba TE Business ([30-40]% EEA) competes with several other suppliers of acid dyes on the EEA market, including Clariant ([10-20]% EEA), Dystar ([10-20]% EEA) and various other smaller players. Therefore, Huntsman's competitors are not foreclosed from other customers.
63. In terms of morpholine downstream foreclosure of the acid dyes market, Huntsman ([30-40]% EEA, [30-40]% world-wide) competes with BASF ([60-70]% EEA, [40-50]% world-wide) and certain Chinese producers ([10-20]%) on the world-wide morpholine market. Therefore, Ciba's competitors in acid dyes are not foreclosed from other suppliers of morpholine.
64. On the basis of the information presented, it is found to be unlikely that there would be downstream foreclosure by Huntsman in morpholine of Ciba's competitors in acid dyes or upstream foreclosure by Ciba TE Business of Huntsman's competitors for acid dye customers of morpholine, xylene or nitrobenzene.

#### *Vertical Markets –Textile Chemicals/Performance Products*

65. Of the textile chemicals which are downstream from input products produced by Huntsman, Ciba TE Business has no market shares exceeding 25% on a world-wide

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<sup>24</sup> Shell ([20-30]% EEA) and Cespa ([10-20]% EEA), Veba ([0-10]% EEA), Ruhr Oel ([0-10]% EEA). Huntsman has minimal merchant sales of nitrobenzene.

<sup>25</sup> Parties best estimates.

level. It does have market shares in excess of 25% within the EEA for: (i) equipment and processing agents; and (ii) optical brighteners.

*i) Equipment and processing agents*

66. The parties estimate that Ciba TE Business 2005 market share for equipment and processing agents in the EEA was [20-30]%, whereas the estimated 2005 world-wide market share amounted to [10-20]%. They argue that, despite Ciba TE Business 2005 EEA market share of [20-30]% for equipment and processing agents, the transaction will not result in any vertical foreclosure given the tiny quantities of each input product incorporated into the downstream equipment and processing agents, the number of alternative applications and the size and variety of alternative suppliers for each of these inputs.
67. Ciba TE Business incorporates into its equipment and processing agents the inputs ethyleneamines (AEEA, DETA, TETA, TEPA and AEP), ethanolamines (MEA, DEA and TEA), ethylene glycols (EG, DEG and TEG), dimethylaminopropylamine (DMAPA), maleic anhydride, methyldiethanolamine (MDEA) and Araldite GY 266 propylene glycol, which are produced by Huntsman.
68. These inputs account for a very small proportion of the total cost of producing equipment and processing agents, in each relevant case, less than 2.5% of the total production cost for equipment and processing agents.<sup>26</sup>
69. Aside from ethyleneamines (AEEA: [<5]% EEA, [50-60]% world-wide, DETA: [10-20]% EEA, [20-30]% world-wide, TETA: [10-20]% EEA, [30-40]% world-wide and TEPA: [20-30]% EEA, [30-40]% world-wide),<sup>27</sup> Huntsman has a less than 25% share of supply of the inputs which are incorporated into Ciba TE Business' equipment and processing agents. Furthermore, equipment and processing agents are a minor use of each of these input products and Ciba TE Business' use represents less than 25% of demand for these inputs.
70. More particularly, in 2005 Ciba TE Business used approximately [0-10]% of the AEEA produced. Regarding the other products mentioned in paragraph 67 above, this percentage is less than [5]%. Furthermore, according to the parties, Ciba TE Business currently sources all of its requirements for these inputs from third parties.
71. In addition to Huntsman, there are several other competitors active in all of these markets.
72. In terms of downstream foreclosure of the equipment and processing agents market, it is noted that Huntsman competes globally with Akzo ([10-20]%), BASF ([0-10]%) and DOW ([10-20]%) for AEEA; Akzo ([10-20]%, [0-10]%, [0-10]%), BASF ([0-10]%, [0-10]%,), Delamine ([10-20]%, [10-20]%, [10-20]%) and DOW ([20-30]%, [20-30]%, [20-30]%) for DETA , TETA and TEPA respectively.<sup>28</sup> Therefore, Ciba TE Business'

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<sup>26</sup> Parties best estimates.

<sup>27</sup> Huntsman market shares within in the EEA being AEEA: [<5]%, DETA: [10-20]%, TETA: [10-20]% and TEPA: [20-30]%, these are not affected markets within the EEA. For AEP Huntsman's market shares of [0-10]% and [0-10]% for the EEA and world-wide respectively indicate that this is not an affected product market on either geographic definition.

<sup>28</sup> Huntsman competes on the EEA market with Akzo ([60-70]%) and BASF ([30-40]%) for AEEA; Akzo ([40-50]%, [20-30]%, [20-30]%), BASF ([10-20]%, [0-10]%,), Delamine ([20-30]%, [30-40]%, [40-50]%) and DOW ([10-20]%, [10-20]%, [10-20]%) for DETA , TETA and TEPA respectively.

competitors are not foreclosed from accessing alternative supplies for inputs needed to produce equipment and processing agents.

73. In terms of upstream foreclosure, Ciba TE Business competes with many smaller players on the equipment and processing agents EEA market, including Clariant ([0-10]%), Rudolf ([0-10]%), Cognis ([0-10]%) and CHT ([0-10]%). Therefore, Huntsman's competitors in the ethyleneamines, ethanolamines, ethylene glycols, maleic anhydride, MDEA, araldite GY266 or propylene glycol markets are not foreclosed from accessing alternative customers for inputs needed to produce equipment and processing agents.
74. On the basis of the information presented, it is therefore unlikely that there would be upstream foreclosure of Huntsman's competitors in the ethyleneamines, ethanolamines, ethylene glycols, maleic anhydride, MDEA, araldite GY266 or propylene glycol markets or downstream foreclosure of Ciba TE Business competitors on the equipment and processing agents market.

*ii) Optical brighteners*

75. Ciba's TE Business market share for optical brighteners in the EEA was [20-30]% in 2005, whereas the estimated 2005 world-wide market share amounted to [20-30]%. Huntsman has a less than 25% share of supply of the input triethanolamine (TEA), which is incorporated into Ciba TE's optical brighteners.<sup>29</sup>
76. The parties submit that given the very small quantities of TEA incorporated into downstream optical brighteners (less than [5]% of EEA and less than [5]% of world-wide demand), the number of alternative applications and the size and variety of alternative suppliers for TEA (BASF, Dow, INEOS/Innovene and Sasol each produce all types of ethanolamines, including TEA) the transaction will not result in any vertical foreclosure. Furthermore, the part of the business that is being transferred to Huntsman does not purchase TEA.
77. Ciba's TE Business purchases a small amount of TEA to fulfil its production needs for optical brighteners and TEA only accounts for [<5]% of total production costs for this downstream product.<sup>30</sup>
78. On the basis of the information presented, it is unlikely that there would be foreclosure of Huntsman's competitors in the TEA market.

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<sup>29</sup> Parties best estimates.

<sup>30</sup> Parties best estimates.

## **VII. CONCLUSION**

79. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EC) No 139/2004.

For the Commission  
(signed)  
Neelie KROES  
Member of the Commission