

Cleaning chemicals firm must sell acquired business

The decision follows an in-depth Phase 2 investigation by the Competition and Markets Authority (CMA), which concluded that the merged organisation is likely to face limited competition from other suppliers.

Ecolab and Holchem, who completed their merger in November 2018, are 2 of the largest suppliers of cleaning chemicals to food and drink manufacturers in the UK. The merger will create a new organisation which is much larger than any of its remaining competitors and would leave only three players of any significant size competing in the UK market.

Food and drink manufacturers place a high value on their cleaning chemical supplier's reputation and experience in keeping food and drink safe and free from contamination. This merger reduces the choice available to these customers. The CMA is concerned that this could mean food and drink manufacturers face higher prices or a lower quality of service for cleaning chemicals.

Whilst the group of independent CMA panel members considered alternative ways of addressing its concerns about the merger (as set out in their provisional findings published in August) it has concluded that the only effective way of addressing the significant loss of competition is to effectively block the merger. Now, Ecolab must sell off Holchem to a new owner, which must be approved by the CMA.

Kirstin Baker, the Inquiry Chair said:

We have carried out a thorough investigation analysing a large amount of data from the companies as well as evidence collected from both customers and competitors. We concluded that these two companies compete closely and this deal could have very serious effects – prices could go up or quality standards in crucial support services could get worse.

Having carefully considered how these issues could be resolved, we decided that only blocking the merger and requiring Ecolab to sell Holchem would address our concerns.

Further details on this case can be found on the [Ecolab/Holchem webpage](#).

Notes to Editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated

industries and enforcing competition and consumer law. For CMA updates, follow us on Twitter, Facebook, and LinkedIn.

2. On 6 August 2019, the CMA published its provisional findings and notice of possible remedies and invited views.
3. The CMA's decisions in phase 2 merger inquiries are made by inquiry groups chosen from the CMA's independent panel members. The members of the inquiry group are: Kirstin Baker (Inquiry Chair), Maria da Cunha, Robin Foster and David Thomas. The CMA's panel members come from a variety of backgrounds, including economics, law, accountancy or business; the membership of an inquiry group usually reflects a mix of expertise and experience.
4. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk, or by phone on 020 3738 6460.