



Department of Justice

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The Department of Justice filed an antitrust suit today against Dow Chemical Company of Midland, Michigan, and Ethyl Corporation of Richmond, Virginia, challenging Ethyl's proposed acquisition of Dow's Bromine and Brominated Chemicals Division. Accompanying the suit was a proposed consent decree which would settle the suit.

The Department had announced its intention to challenge the proposed acquisition in a news release issued February 5, 1987.

Charles F. Rule, Acting Assistant Attorney General in charge of the Antitrust Division, said that the suit, which was filed in the U.S. District Court for the Northern District of Illinois, alleges that the proposed acquisition would violate Section 7 of the Clayton Act because it might substantially lessen competition in the United States in the manufacture and sale of bromides used in brominated clear brine fluids.

Brominated clear brine fluids are dense fluids used in the oil and gas industry to counterbalance the downhole pressure of oil and gas wells during completion and workover procedures in order to prevent blowouts or geysers.

In 1986, sales to the currently depressed U.S. oil and gas industry of bromides used in brominated clear brine fluids

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totalled over \$30 million, a decline from about \$60 million in 1984. Dow is the second largest producer of these bromides and Ethyl is the third largest, with 1986 sales in the U.S. of about \$9 million and \$5 million, respectively. Only one other domestic company (Great Lakes Chemical Corporation of West Lafayette, Indiana) and one foreign company (Dead Sea Bromine Company Limited, an Israeli firm) compete for U.S. sales of bromides used in brominated clear brine fluids.

The proposed consent decree filed by both parties would, when approved by the court, settle the suit. It provides, in part, that an independent trustee, Oppenheimer & Co., Inc., of New York City (telephone: 212-667-5036), has been appointed to carry out a divestiture of the assets included in Dow's brominated clear brine fluid business. Oppenheimer will have six months to find a purchaser for the business. The divestiture will be made to a purchaser who demonstrates to the Department's satisfaction that it intends to and can become an effective competitor in the brominated clear brine fluid business.

"The consent decree is structured to permit a purchaser of Dow's clear brine fluid business to begin competing immediately in the sale of bromides used in brominated clear brine fluids at costs no greater than Dow would have if it were to remain in the business," Rule said.

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