

# Administrative Law Judge Upholds FTC's Complaint Allegations that Merger of Major Titanium Dioxide Companies would have Harmed Competition

In an [Initial Decision](#) announced today, Chief Administrative Law Judge D. Michael Chappell upheld allegations in a Federal Trade Commission complaint challenging the merger of Tronox Limited and Cristal, two top suppliers of chloride process titanium dioxide ("TiO<sub>2</sub>"), a white pigment used in a wide variety of products, including paint, industrial coatings, plastic, and paper.

"The evidence proves that the planned Acquisition may substantially lessen competition in the relevant market for the sale of chloride TiO<sub>2</sub> in North America in violation of Section 7 of the Clayton Act and Section 5 of the FTC Act," Judge Chappell wrote in the decision. He concluded that the planned Acquisition would create a highly concentrated market and increase the likelihood of coordinated conduct among the remaining firms.

"Respondents have failed to rebut this proof, including by failing to demonstrate that entry or expansion would be timely, likely, and sufficient to counteract the likely anticompetitive effects of the Acquisition, or to demonstrate cognizable synergies or efficiencies that might justify the likely anticompetitive effects of the Acquisition," Judge Chappell wrote.

An order Judge Chappell included with the Dec. 7, 2018 Initial Decision would require the respondents to terminate the Proposed Acquisition Agreement and cease taking any direct or indirect actions to consummate it; to return all confidential information to each other; and to certify final compliance within 15 days of the order becoming final.

According to the FTC's [Administrative Complaint](#), Tronox Limited's proposed acquisition of competitor Cristal, for \$1.67 billion and a 24 percent stake in the combined entity, would violate the antitrust laws by significantly reducing competition in the North American market (comprised of the United States and Canada) for chloride process titanium dioxide. The FTC alleged that the acquisition, if consummated, would increase the risk of coordinated action among the remaining competitors, and increase the risk of future anticompetitive output reductions by Tronox.

The Appeals Process. Because the Federal Trade Commission has sought preliminary relief to prevent consummation of the proposed acquisition in federal court, [Commission Rule 3.52\(a\)](#) provides that the Judge's Initial Decision is subject to automatic review by the full Commission. On September 12, 2018, the United States District Court for the District of Columbia issued a [Memorandum Opinion](#) and Order granting the Commission's Motion For Preliminary Injunction.

## CONTACT INFORMATION

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MEDIA CONTACT:

Betsy Lordan

*Office of Public Affairs*

202-326-3707