SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2000

OR

/_/ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________to____________

Commission file number 0-7154

QUAKER CHEMICAL CORPORATION
(Exact name of Registrant as specified in its charter)

Pennsylvania	23-0993790
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Elm and Lee Streets, Conshohocken, Pennsylvania	19428-0809
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 610-832-4000

Not Applicable
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of Shares of Common Stock Outstanding on April 24, 2000 8,805,639

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheet at March 31, 2000 (unaudited) and December 31, 1999

Condensed Consolidated Statement of Income for the three months ended March 31, 2000 and 1999 (unaudited)

Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2000 and 1999 (unaudited)

Notes to Condensed Consolidated Financial Statements (unaudited)

* * * * * * * * * *

Quaker Chemical Corporation

Condensed Consolidated Balance Sheet

	March 31, 2000 (Unaudited)	December 31, 1999*
	(dollars in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,379	$ 8,677
Accounts receivable	55,024	55,132
Inventories		
Raw materials and supplies	11,524	12,140
Work-in-process and finished goods	10,814	11,217
Prepaid expenses and other current assets	8,362	9,075
Total current assets	95,103	96,241
Property, plant and equipment, at cost	108,095	108,924
Less accumulated depreciation	64,069	64,172
Total property, plant and equipment	44,026	44,752
Intangible assets	15,747	15,994
Investments in associated companies	5,879	5,773
Other assets	19,494	19,453
	$ 180,249	$ 182,213
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 1,045	$ 431
Accounts and other payable	25,297	24,092
Accrued compensation	5,196	8,749
Other current liabilities	11,793	11,385
Total current liabilities	43,331	44,657
Long-term debt	25,134	25,122
Other noncurrent liabilities	23,536	23,117
Total liabilities	92,001	92,896
Minority interest in equity of subsidiaries	8,589	8,118
SHAREHOLDERS' EQUITY		
Common stock $1 par value; authorized 30,000,000 shares; issued (including treasury shares) 9,664,009 shares	9,664	9,664
Capital in excess of par value	802	832
Retained earnings	96,309	93,655
Accumulated other comprehensive (loss)	(13,750)	(11,378)
	93,025	92,773
Treasury stock, shares held at cost; 2000-858,370, 1999-729,986	(13,366)	(11,574)
Total shareholders' equity	79,659	81,199
	$ 180,249	$ 182,213

The accompanying notes are an integral part of these condensed consolidated financial statements.

* Condensed from audited financial statements.

Quaker Chemical Corporation

Condensed Consolidated Statement of Income
For the Three Months Ended March 31

	First Quarter 2000	First Quarter 1999
	Unaudited (dollars in thousands, except per share data)	
Net sales	$ 65,002	$ 60,902
Cost of goods sold	37,114	33,804
Gross Margin	27,888	27,098
Selling, general and administrative	21,636	22,123
Operating income	6,252	4,975
Other income, net	729	291
Interest expense, net	(290)	(453)
Income before taxes	6,691	4,813
Taxes on income	2,074	1,925
	4,617	2,888
Equity in net income of associated companies	267	232
Minority interest in net income of subsidiaries	(513)	(122)
Net income	$ 4,371	$ 2,998
Per share data:		
Net income - basic and diluted	$ 0.49	$ 0.34
Dividends declared	$ 0.195	$ 0.19
Based on weighted average number of shares outstanding:		
Basic	8,862,735	8,898,495
Diluted	8,928,394	8,945,019

The accompanying notes are an integral part of these condensed consolidated financial statements.

Quaker Chemical Corporation

Condensed Consolidated Statement of Cash Flows
For the Three Months Ended March 31

	2000	1999
	Unaudited (dollars in thousands)	
Cash flows from operating activities		
Net income	$ 4,371	$ 2,998
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,295	1,340
Amortization	285	266
Equity in net income of associated companies	(267)	(232)
Minority interest in earnings of subsidiaries	513	123
Deferred compensation and other postretirement benefits	350	260
Other, net	(88)	93
Increase (decrease) in cash from changes in current assets and liabilities:		
Accounts receivable, net	(899)	(2,564)
Inventories	741	1,417
Prepaid expenses and other current assets	(323)	(1,641)
Accounts payable and accrued liabilities	(455)	(3,145)
Change in repositioning liabilities	(30)	(1,496)
Net cash provided by (used in) operating activities	5,493	(2,581)
Cash flows from investing activities		
Investments in property, plant and equipment	(1,198)	(1,470)
Other, net	--	(409)
Net cash used in investing activities	(1,198)	(1,879)
Cash flows from financing activities		
Net increase in short-term borrowings	612	5,654
Dividends paid	(1,741)	(1,693)
Treasury stock repurchased	(1,961)	--
Other, net	148	363
Net cash (used in) provided by financing activities	(2,942)	4,324
Effect of exchange rate changes on cash	(651)	(1,118)
Net increase (decrease) in cash and cash equivalents	702	(1,254)
Cash and cash equivalents at beginning of period	8,677	10,213
Cash and cash equivalents at end of period	$ 9,379	$ 8,959

The accompanying notes are an integral part of these condensed consolidated financial statements.

Quaker Chemical Corporation
Notes to Condensed Consolidated Financial Statements
(Dollars in Thousands)
(Unaudited)

Note 1 - Condensed Financial Information

The condensed consolidated financial statements included herein are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial reporting and Securities and Exchange Commission regulations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Certain prior year amounts have been reclassified to conform to the 2000 presentation. In the opinion of management, the financial statements reflect all adjustments (of a normal and recurring nature) which are necessary to present fairly the financial position, results of operations and cash flows for the interim periods. These financial statements should be read in conjunction with the Annual Report to Shareholders and Form 10-K for the year ended December 31, 1999.

Note 2 - Weighted Average Shares Outstanding

	Three Months Ended March 31	
	Basic	Diluted
2000	8,862,735	8,928,394
1999	8,898,495	8,945,019

The difference between basic and diluted weighted average shares outstanding results from the assumption that dilutive stock options outstanding were exercised.

Note 3 - Business Segments

The Company's reportable segments are as follows:

(1) Metalworking process chemicals - produces products used as lubricants for various heavy industrial and manufacturing applications.

(2) Coatings - produces temporary and permanent coatings for metal products and chemical milling maskants.

(3) Other chemical products - primarily includes chemicals used in the manufacturing of paper as well as other various chemical products.

Segment data includes direct segment costs as well as general operating costs, including depreciation, allocated to each segment based on net sales.

The table below presents information about the reported segments for the three months ending March 31:

	Metalworking Process Chemicals	Coatings	Other Chemical Products	Total
2000				
Net Sales	$58,249	$3,973	$ 2,780	$65,002
Operating Income	14,076	1,031	(25)	15,082
1999				
Net Sales	$53,382	$4,136	$ 3,384	$60,902
Operating Income	12,136	1,326	155	13,617

Operating income comprises revenue less related costs and expenses. Non-operating expenses primarily consist of general corporate expenses identified as not being a cost of operation, interest expense, interest income, and license fees from non-consolidated associates.

A reconciliation of total segment operating income to total consolidated income before taxes, for the three months ended March 31 is as follows:

	2000	1999
Total operating income for reportable segments	$15,082	$13,617
Non-operating expenses	(7,250)	(7,036)
Depreciation and amortization	(1,580)	(1,606)
Interest expense	(478)	(543)
Interest income	188	90
Other income, net	729	291
Consolidated income before taxes	$ 6,691	$ 4,813

Note 4 - Comprehensive Income

The following table summarizes comprehensive income for the three months ended March 31:

	2000	1999
Net income	$ 4,371	$ 2,998
Foreign currency translation adjustments	(2,372)	(10,207)
Comprehensive income (loss)	$ 1,999	$ (7,209)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

Net cash flows provided by operating activities was $5.5 million in the first three months of 2000 compared to cash flows used in operating activities of $2.6 million in the same period of 1999. The increase was primarily due to higher net income.

Net cash flows used in investing activities decreased to $1.2 million in 2000 from $1.9 million in 1999, primarily reflecting lower spending in property, plant and equipment.

Net cash flows used in financing activities was $2.9 million for the first quarter of 2000 compared with net cash flows provided of $4.3 million for the same period of prior year, primarily due to approximately $2.0 million associated with the Company's stock repurchase plan and a $5.0 million reduction in short-term borrowings.

Operations

Comparison of First Quarter 2000 with First Quarter 1999

Consolidated net sales for the first three months of 2000 increased by approximately seven percent over 1999 results, primarily due to metalworking and process chemicals revenues in Brazil, and increased demand in the steel chemicals market in the US and Europe. This increase was impacted by reductions in the Europe region due to foreign currency translation, and lower coatings segment revenues.

Cost of sales increased as a percent of sales as a result of raw material increases and product mix changes in non-core business lines.

Minority interest was significantly higher in the first quarter 2000 compared with the same period last year, due to higher net income from our joint venture in Brazil. Lower interest expense in 2000 compared with 1999 reflects lower overall short-term borrowings and increased interest income. Other income reflects increased license revenue and lower foreign exchange losses in Europe in 2000 versus 1999.

The effective tax rate for 2000 is 31% compared with 40% in 1999. The decrease in the effective tax rate is primarily due to the implementation of several global tax planning initiatives, the most significant of which is related the Company's net operating loss carryforward position in Brazil. The impact of the tax planning initiatives in Brazil are being magnified as these operations become more profitable. The estimated tax rate for the year 2000 is dependent on many factors, including but not limited to the profitability of the Company's foreign operations.

Other Significant Items:

During the first quarter of 2000 the Company began to perform a comprehensive review of the strategic position of certain individual business units and related assets, which may result in the consolidation or sale of certain assets. In connection with this study, the Company will assess the carrying value of certain tangible assets and goodwill, with the possible outcome being a write-down of selected assets. The Company expects to substantially complete its study by the third quarter of 2000.

Euro Conversion

On January 1, 1999, 11 of the 15 member countries of the European Union established fixed conversion rates between their existing currencies ("legacy currencies") and one common currency - the euro. The euro trades on currency exchanges and may be used in business transactions. Beginning in January 2002, new euro-denominated bills and coins will be issued, and legacy currencies will be withdrawn from circulation. The Company's operating subsidiaries affected by the euro conversion have established plans to address the systems and business issues raised by the euro currency. The Company anticipates that the euro conversion will not have a material adverse impact on its financial condition or results of operations.

Forward-Looking and Cautionary Statements

Except for historical information and discussions, statements contained in this Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those projected in such statements.

Such risks and uncertainties include, but are not limited to, significant increases in raw material costs, worldwide economic and political conditions, and foreign currency fluctuations that may affect worldwide results of operations. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, aircraft, appliance or durable good manufacturers.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Quaker is exposed to the impact of interest rates, foreign currency fluctuations, and changes in commodity prices.

Interest Rate Risk. Quaker's exposure to market rate risk for changes in interest rates relate primarily to its short and long-term debt. Most of Quaker's long-term debt has a fixed interest rate, while its short-term debt is negotiated at market rates which can be either fixed or variable. Incorporated by reference is the information in "Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 8 of the Notes to Consolidated Financial Statements on Pages 16 and 26, respectively, of the Registrant's 1999 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to the 1999 Form 10-K. Accordingly, if interest rates rise significantly, the cost of short-term debt to Quaker will increase. This can have a material adverse effect on Quaker depending on the extent of Quaker's short-term borrowings. As of March 31, 2000, Quaker had $1.0 million in short-term borrowings.

Foreign Exchange Risk. A significant portion of Quaker's revenues and earnings are generated by its non-U.S. operations of its foreign subsidiaries. Incorporated by reference is the information concerning Quaker's non-U.S. activities appearing in Note 11 of the Notes to Consolidated Financial Statements on Page 28 and 29 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to the 1999 Form 10-K. All such subsidiaries use the local currency as their functional currency. Accordingly, Quaker's financial results are affected by risks typical of international business such as currency fluctuations, particularly between the U.S. dollar, the Brazilian real and the E.U. euro. As exchange rates vary, Quaker's results can be materially adversely affected.

In the past, Quaker has used, on a limited basis, forward exchange contracts to hedge foreign currency transactions and foreign exchange options to reduce exposure to changes in foreign exchange rates. The amount of any gain or loss on these derivative financial instruments was not material, and there are no contracts or options outstanding at March 31, 2000. Incorporated by reference is the information concerning Quaker's Significant Accounting Policies appearing in Note 1 of the Notes to Consolidated Financial Statements on Page 22 of the Registrant's 1999 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to the Form 10-K.

Commodity Price Risk. Many of the raw materials used by Quaker are commodity chemicals, and, therefore, Quaker's earnings can be materially adversely affected by market changes in raw material prices. In certain cases, Quaker has entered into fixed-price purchase contracts having a term of up to one year. These contracts provide for protection to Quaker if the price for the contracted raw materials rises, however, in certain limited circumstances, Quaker will not realize the benefit if such prices decline. Quaker has not been, nor is it currently a party to, any derivative financial instrument relative to commodities.

PART II. OTHER INFORMATION

Items 1,2,3,4, and 5 are inapplicable and have been omitted.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.
Exhibit 27-Financial Data Schedule

(b) Reports on Form 8-K.
No reports on Form 8-K were filed during the quarter for which this report is filed.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUAKER CHEMICAL CORPORATION
(Registrant)

/s/ Michael F. Barry
Michael F. Barry, officer duly
authorized to sign this report,
Vice President and Chief Financial Officer

Date: May 2, 2000

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DEC-31-2000
MAR-31-2000
9,379
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56,167
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