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 June 30, 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 July 31, 2000	8,820,173

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheet at June 30, 2000 (unaudited) and December 31, 1999

Condensed Consolidated Statement of Income for the Three and Six Months ended June 30, 2000 and 1999 (unaudited)

Condensed Consolidated Statement of Cash Flows for the Six Months ended June 30, 2000 and 1999 (unaudited)

Notes to Condensed Consolidated Financial Statements (unaudited)

* * * * * * * * * *

Quaker Chemical Corporation

Condensed Consolidated Balance Sheet

(dollars in thousands)

	June 30, 2000 (Unaudited)	December 31, 1999*
ASSETS		
Current assets		
Cash and cash equivalents	$ 14,932	$ 8,677
Accounts receivable	58,529	55,132
Inventories		
Raw materials and supplies	11,521	12,140
Work-in-process and finished goods	9,922	11,217
Prepaid expenses and other current assets	8,865	9,075
Total current assets	103,769	96,241
Property, plant and equipment, at cost	107,269	108,924
Less accumulated depreciation	64,146	64,172
Total property, plant and equipment	43,123	44,752
Intangible assets	18,749	15,994
Investments in associated companies	6,147	5,773
Other assets	19,482	19,453
	$ 191,270	$ 182,213
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 398	$ 431
Accounts and other payables	25,456	24,092
Accrued compensation	7,054	8,749
Other current liabilities	18,597	11,385
Total current liabilities	51,505	44,657
Long-term debt	25,124	25,122
Other noncurrent liabilities	24,185	23,117
Total liabilities	100,814	92,896
Minority interest in equity of subsidiaries	8,968	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	794	832
Retained earnings	99,261	93,655
Accumulated other comprehensive (loss)	(14,986)	(11,378)
	94,733	92,773
Treasury stock, shares held at cost; 2000-851,690, 1999-729,986	(13,245)	(11,574)
Total shareholders' equity	81,488	81,199
	$ 191,270	$ 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 period ended June 30,

Unaudited
(dollars in thousands, except per share data)

	Three Months 2000	Three Months 1999	Six Months 2000	Six Months 1999
Net sales	$ 67,267	$ 64,025	$ 132,269	$ 124,927
Cost of goods sold	38,039	35,829	75,153	69,633
Gross margin	29,228	28,196	57,116	55,294
Selling, general and administrative expenses	22,208	21,795	43,844	43,918
Net gain on exit of businesses	(1,473)	-	(1,473)	-
Litigation charge	1,500	-	1,500	-
Operating income	6,993	6,401	13,245	11,376
Other income, net	638	561	1,367	852
Interest expense, net	(322)	(485)	(612)	(938)
Income before taxes	7,309	6,477	14,000	11,290
Taxes on income	2,266	2,591	4,340	4,516
	5,043	3,886	9,660	6,774
Equity in net income of associated companies	404	264	671	496
Minority interest in net income of subsidiaries	(776)	(347)	(1,289)	(469)
Net income	$ 4,671	$ 3,803	$ 9,042	$ 6,801
Per share data:				
Net income - basic and diluted	$0.53	$0.42	$1.02	$0.76
Dividends declared	$0.195	$0.19	$0.39	$0.38
Based on weighted average number of shares outstanding:				
Basic	8,808,181	8,909,013	8,835,458	8,903,783
Diluted	8,873,810	8,955,452	8,901,102	8,950,264

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

Quaker Chemical Corporation

Condensed Consolidated Statement of Cash Flows
For the Six Months ended June 30,

	Unaudited (dollars in thousands) 2000	1999
Cash flows from operating activities		
Net income	$ 9,042	$ 6,801
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,511	2,629
Amortization	672	528
Equity in net income of associated companies	(671)	(496)
Minority interest in earnings of subsidiaries	1,289	469
Deferred compensation and other postretirement benefits	786	422
Litigation charge	1,500	-
Net gain on exit of businesses	(1,473)	-
Other, net	(5)	(109)
Increase (decrease) in cash from changes in current assets and current liabilities:		
Accounts receivable, net	(5,718)	(4,372)
Inventories	993	1,208
Prepaid expenses and other current assets	(918)	(2,077)
Accounts payable and accrued liabilities	1,745	(1,153)
Change in repositioning liabilities	(166)	(1,703)
Net cash provided by operating activities	9,587	2,147
Cash flows from investing activities		
Investments in property, plant and equipment	(2,208)	(3,052)
Proceeds from sale of business	5,200	-
Other, net	(219)	(602)
Net cash provided by (used in) investing activities	2,773	(3,654)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(24)	8,590
Dividends paid	(3,459)	(3,394)
Treasury stock repurchased	(1,961)	-
Other, net	255	511
Net cash (used in) provided by financing activities	(5,189)	5,707
Effect of exchange rate changes on cash	(916)	(3,801)
Net increase in cash and cash equivalents	6,255	399
Cash and cash equivalents at beginning of period	8,677	10,213
Cash and cash equivalents at end of period	$ 14,932	$ 10,612

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 June 30		Six Months Ended June 30	
	Basic	Diluted	Basic	Diluted
2000	8,808,181	8,873,810	8,835,458	8,901,102
1999	8,909,013	8,955,452	8,903,783	8,950,264

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 six months ending June 30:

	Metalworking Process Chemicals	Coatings	Other Chemical Products	Total
2000				
Net sales	$119,360	$8,453	$4,456	$132,269
Operating income(loss)	29,676	2,215	(339)	31,552
1999				
Net sales	$109,675	$8,920	$6,332	$124,927
Operating income	24,778	2,908	376	28,062

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 six months ended June 30 is as follows:

	2000	1999
Total operating income for reportable segments	$31,552	$28,062
Non-operating expenses	(15,097)	(13,529)
Net gain on exit of businesses	1,473	-
Litigation charge	(1,500)	-
Depreciation and amortization	(3,183)	(3,157)
Interest expense	(1,033)	(1,117)
Interest income	421	179
Other income, net	1,367	852
Consolidated income before taxes	$14,000	$11,290

Note 4 - Comprehensive Income

The following table summarizes comprehensive income for the three months ended June 30:

	2000	1999
Net income	$ 4,671	$ 3,803
Foreign currency translation adjustments	(1,236)	(3,315)
Comprehensive income	$ 3,435	$ 488

The following table summarizes comprehensive income (loss) for the six months ended June 30:

	2000	1999
Net income	$ 9,042	$ 6,801
Foreign currency translation adjustments	(3,608)	(13,522)
Comprehensive income (loss)	$ 5,434	$(6,721)

Note 5 - Other

During the second quarter of 2000, the Company reached certain earn-out performance targets relating to its 1998 Brazilian joint venture acquisition. In accordance with the joint venture agreement, the Company recorded goodwill and a liability of $3.5 million for additional consideration to be paid as a result of meeting the performance targets. This amount was paid on August 7, 2000.

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 were $9.6 million in the first six months of 2000 compared to cash flows provided by operating activities of $2.1 million in the same period of 1999. The increase was primarily due to higher operating income, as well as changes in several working capital items, primarily due to accounts payable and accrued liabilities, and a reduction in the change in repositioning liabilities.

Net cash flows provided by investing activities increased to $2.8 million in the first six months of 2000 compared to cash flows used in investing activities of $3.7 million in the same period of 1999, primarily related to proceeds received from the sale of the U.S. pulp and paper business.

Net cash flows used in financing activities were $5.2 million for the first six months of 2000 compared with net cash flows provided by financing activities of $5.7 million for the same period of the prior year. The net change of approximately $10.9 million was primarily due to a $8.6 million reduction in short-term borrowings and approximately $2.0 million associated with the Company's stock repurchase plan.

During the second quarter of 2000, the Company reached certain earn-out performance targets relating to its 1998 Brazilian joint venture acquisition. In accordance with the joint venture agreement, the Company recorded goodwill and a liability of $3.5 million for additional consideration to be paid as a result of meeting the performance targets. This amount was paid on August 7, 2000.

Operations
Comparison of Six Months 2000 with Six Months 1999

Consolidated net sales for the first six months of 2000 increased by approximately six percent over 1999 results. Sales would have shown an additional five percent increase absent the impact of foreign currency fluctuations experienced in 2000. The increase was primarily due to strong demand in metalworking process chemicals markets in all regions, particularly in Brazil. This increase was slightly offset by reductions in the coatings segment revenues, resulting from lower maskant sales related to lower aircraft production.

Cost of sales increased as a percent of sales from 56 percent to 57 percent as a result of raw material increases and product mix changes in non-core business lines.

Minority interest was significantly higher in the first six months of 2000 compared with the same period last year, due to higher net income from the joint ventures in Brazil and China. 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 increased rental income 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 to 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.

Comparison of Second Quarter 2000 with Second Quarter 1999

Consolidated net sales for the second quarter of 2000 increased by approximately five percent over 1999 results, primarily due to metalworking 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.

Overall selling, general and administrative expenses were approximately two percent higher in the second quarter of 2000 compared to the same period in 1999. This was due to inflation, organizational development activities, and new market development activities, which were offset by continued cost containment programs and positive foreign exchange impacts.

Minority interest was significantly higher in the second quarter of 2000 compared with the same period last year, due to higher net income from the joint ventures in Brazil and China. Lower interest expense in 2000 compared with 1999 reflects lower overall short-term borrowings and increased interest income. Other income reflects increased license revenue.

Other Significant Items

As part of the Company's ongoing review of the strategic position of certain business units and related assets to be substantially completed by the end of this year, the Company recorded asset impairment charges of $0.9 million in the second quarter 2000. Additionally, on May 31, 2000, the Company completed the sale of its U.S. pulp and paper business for $5.2 million in cash. The Company recorded a gain on the sale of $2.4 million. Effective May 31, 2000, the Company recorded an accrual of $1.0 million for the involuntary termination of twenty-three employees. As of June 30, 2000 the remaining balance of that accrual was $0.7 million.

During the latter part of the second quarter of 2000, it was discovered during an internal environmental audit that AC Products, Inc. had failed to properly report its air emissions. In response, (i) an internal investigation of all environmental, health and safety matters at AC Products, Inc. was conducted and (ii) AC Products, Inc. has voluntarily disclosed to regulators and taken steps to correct all environmental, health and safety issues discovered to date. AC Products, Inc. has established a reserve of $1.5 million to cover estimated past fees, underpayment penalties, expenses, and other quantifiable liabilities associated with this matter. Though the reserve taken is currently expected to cover known liabilities to date, we cannot be certain liabilities in the form of fines, penalties and damages will not be incurred in excess of the amount reserved.

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 goods manufacturers.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Quaker is exposed to the impact of changes in 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 relates 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 June 30, 2000, Quaker had $0.3 million in short-term borrowings.

Foreign Exchange Risk. A significant portion of Quaker's revenues and earnings is 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 June 30, 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, and 5 of Part II are inapplicable and have been omitted.

Item 4. Submission of Matters to a Vote of Security Holders

The 2000 Annual Meeting of the Company's shareholders was held on May 10, 2000. At the Meeting, management's nominees, Donald R. Caldwell, Robert E. Chappell, William R. Cook, and Robert P. Hauptfuhrer were elected as Class II Directors. Voting (expressed in number of votes) was as follows: Donald R. Caldwell, 30,368,411 votes for, 121,041 votes against or withheld, and no abstentions or broker non-votes; Robert E. Chappell, 30,368,411 votes for, 121,041 votes against or withheld, and no abstentions or broker non-votes; William R. Cook, 30,374,587 votes for, 114,865 votes against or withheld, and no abstentions or broker non-votes; and Robert P. Hauptfuhrer, 30,368,411 votes for, 121,041 votes against or withheld, and no abstentions or broker non-votes.

At the Meeting, the shareholders also approved the adoption of the Company's 2000 Employee Stock Purchase Plan by a vote of 28,989,297 votes for, 202,161 votes against, 295,624 abstentions, and 1,002,370 broker non-votes.

In addition, at the Meeting, the shareholders ratified the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants to examine and report on its financial statements for the year ending December 31, 2000 by a vote of 30,343,143 votes for, 129,518 votes against, 16,791 abstentions, and no broker non-votes.

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: August 14, 2000

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DEC-31-2000
JAN-01-2000
JUN-30-2000
14,932
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59,673
1,144
21,443
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107,269
64,146
191,270
51,505
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132,269
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14,000
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