



Pine Chemicals Association, Inc.

# Newsletter

3350 Riverwood Pkwy SE, Suite 1900, Atlanta GA 30339

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***For further information access our website:***

[www.pinechemicals.org](http://www.pinechemicals.org)

## PCA HOLDS INTERNATIONAL CONFERENCE IN SAN DIEGO

The Pine Chemicals Association held its 2007 International Conference at the US Grant Hotel in San Diego, California, on September 23, 24 & 25. A total of 182 delegates and 42 spouses and guests were in attendance. The delegates represented 86 companies from 23 different countries.

The weather cooperated beautifully throughout the Conference, allowing delegates and spouses to enjoy all that San Diego and southern California has to offer. Some arrived early or stayed on after the Conference to take advantage of the area.

Prior to the official opening of the Conference the PCA Board of Directors met early on Sunday morning. The meeting was followed by separate meetings of the Meetings Committee chaired by Corey Schneider of DRT, and the Membership & Information Committee chaired by Jeff Redmond of Eastman Chemical. Jeff was unable to attend the Committee meeting, so Doug Parsons of Eastman filled in for Jeff.

The Conference opened on Sunday evening with the traditional Welcome Reception. The reception provided the perfect opportunity for delegates and guests alike to renew old acquaintances and welcome first time attendees. The Welcome Reception was followed by the Speakers Dinner where the speakers were thanked for their contributions to the Conference, and new members of PCA were recognized. In all, 10 companies joined the Association prior to the International Conference.

Monday morning started as usual with our first General Session. Greg Adams of IFF our Conference Chairman did an excellent job of assembling a number of very interesting papers. Jerry Cross, PCA Chairman began the session with a brief presentation about the Pine Chemicals Assn, its history, and goals. Jerry was followed by Michael O'Laughlin of O'Laughlin Industries who presented a paper entitled "Turpentine and Gum Rosin Derived Products for Aroma Chemicals and Food Ingredients in China". The presentation contained useful data pertaining to production and consumption history of pine chemicals in China.

## PCA INTERNATIONAL CONFERENCE PHOTOS



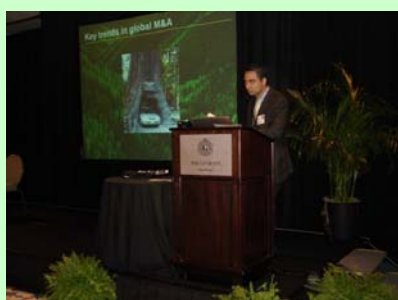
*Nicolai Khodov of ORGKHIM addresses Tuesday's General Session.*



*Diane Parisi of Flint Group presents paper on Global Ink Market.*



*Matt Attwood of Biodiesel Systems addresses Tuesday's General Session.*



*Milan Shah of Deutsche Bank was the Pre-luncheon speaker on Monday.*

The second paper of the morning was given jointly by Nelson Lawson of Lawson Consulting and Mac McCallister of Hercules. The paper entitled "Chemical Regulations USA, Canada, & Europe" updated recent changes to chemical regulations in the regions indicated. Mac's portion of the presentation focused on the new REACH legislation in Europe. The next paper by Michael Bush of Energy Vision entitled "Global Energy Market", focused on future price and availability of global energy sources. The next scheduled paper entitled "Pine Oil Reloaded" by Roy Herbst of IFF, was not presented. Roy was unable to attend the Conference due to a death in his immediate family. The next paper of the morning was by Don Stauffer of International Development Associates. Don's paper gave very interesting statistics on the growth of imports of rosin derivatives.

Our luncheon speaker was Milan Shah of Deutsche Bank. Due to his busy travel schedule, Milan made his presentation before lunch. His topic dealt with current M & A activity in the Chemical industry.

The meeting of the Gum Rosin Committee was held on Monday afternoon. John Smith of Arez International, our Committee Chairman, had invested time and effort toward increasing attendance at the meeting and his efforts paid off. Presentations were made by Jim Russell on the subject of Gardner color measurement of rosin and by Bill Zhaowei concerning rosin from Yunnan Province.

A second reception was held on Monday evening.

The second General Session was held on Tuesday morning following a group continental breakfast. Nelson Lawson gave a brief presentation on the effect of harmful government price subsidies on the use of pine chemical materials (especially CTO) as fuel. Tom Brewer of DeWitt and Co presented a very comprehensive paper entitled "Hydrocarbon Resin Raw Material Perspective", dealing with the future of hydrocarbon versus rosin based feed stocks. Nikolay Khodov of Resin Industrial Holdings presented an enlightening paper on the size and shape of the pine chemicals industry in Russia. He was the first speaker in many years to address that specific topic.

Diane Parisi of Flint Group, North America gave a paper on the status and future of the global printing ink market. Diane's paper was followed by Matt Atwood with a presentation on "Biodiesel; Origin, Uses, Formulations, and Direction". His paper also dealt with the impact and need for price subsidies in the biofuels industry.

On Tuesday evening delegates and guests attend the final night's dinner at the Museum of Air and Space in Balboa Park. The museum contained many interesting exhibits on the history of aviation, and was staffed with highly knowledgeable docents. A buffet dinner was served following tours of the museum and on hands experience with some of the interactive exhibits that the museum had to offer.

## PCA INTERNATIONAL CONFERENCE PHOTOS



*Speaker's panel receives questions at conclusion of Monday's General Session.*



*Delegates at Monday's General Session.*



*Don Stauffer presents paper on imports of rosin derivatives at Monday's General Session.*



*Delegates at Monday's Luncheon.*

## INDUSTRY NEWS

### ARIZONA CHEMICAL ANNOUNCES PLANT CLOSURE

Jerry Marterer, President and CEO of Arizona Chemical, has announced the permanent closure of the company's Valdosta, Georgia resin producing facility. Physical limitations of the site coupled with high logistics and other costs were given as reasons for the closure. Products currently being produced at Valdosta will be transferred to Arizona's Savannah, GA, resin facility where existing support operations like maintenance and power can absorb the additional product line at much lower costs.

A total of 76 employees at Valdosta will be displaced, and Arizona has committed to offering assistance in their transition.

### HERCULES FORMS JOINT VENTURE FOR WOOD ADHESIVES

Hercules and Heartland Resource Technologies have formed a joint venture company to develop a soy based adhesive for the wood industry. Hercules will own 51% of the new venture called H2H Innovations. Hercules will also manufacture and sell products developed by the joint venture. H2H will use soy based technology as a base to development formaldehyde free resins for decorative plywood, wood flooring, and particle board.

### HEXION SPECIALTY CHEMICAL ACQUIRES HUNTSMAN

Apollo Management's Hexion Specialty Chemicals has announced plans to acquire Huntsman for \$28 per share for a total of US \$10.6 bn or Euros 7.7 bn. including debt. The sale was agreed by Huntsman after Hexion raised its bid from \$27.25 in a move to preempt a bid from Basell

## REGULATORY

### NEW TANK CAR DESIGN

The US and Canadian governments are drafting new standards for tank car design. Construction and testing a new railroad tank car prototype will begin early next year, with commercial production expected by late 2009 and in-service use starting in 2010.

Tank cars in general are based on a design that has not undergone substantial changes in 40 – 50 years. Rupture of tankers carrying toxic inhalation hazard materials have been central to several major accidents in recent years that resulted in fatalities.

**PCA INTERNATIONAL CONFERENCE PHOTOS**



*Delegates enjoy Final Night's Event at the Air & Space Museum.*



*Delegates at the Welcome Reception on Sunday evening.*



*Delegates from Indonesia enjoy the Welcome Reception on Sunday evening.*



*Delegates and spouses enjoy Monday night's reception.*

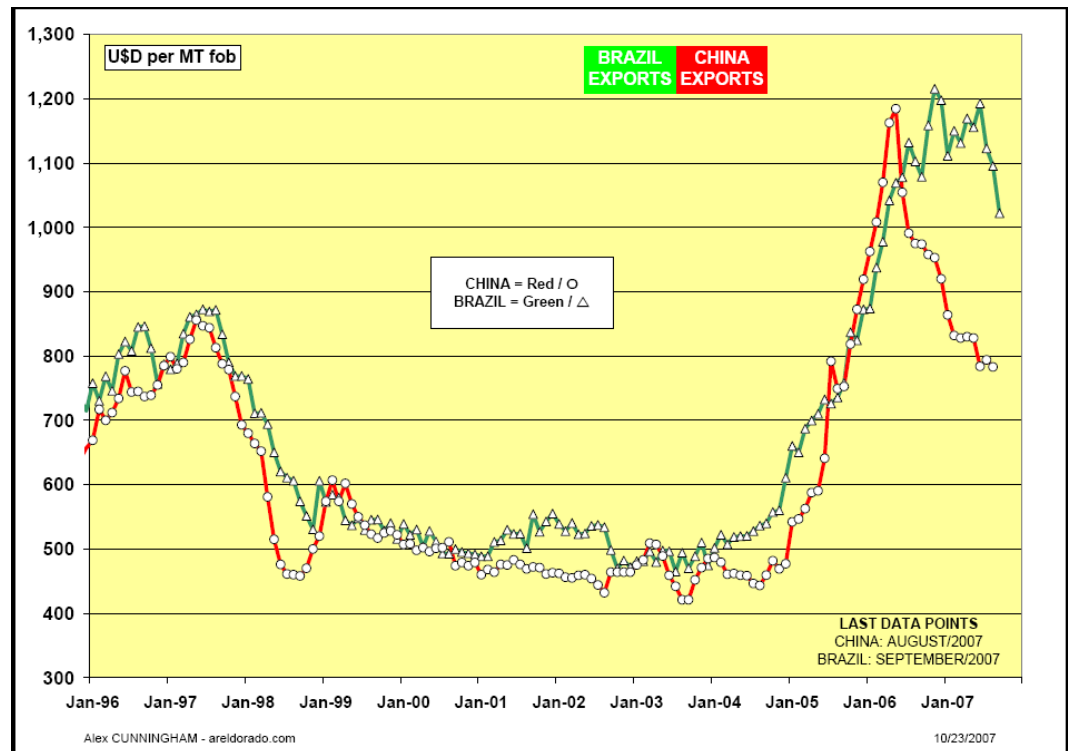
The five areas of design being targeted for improved tank car safety are as follows.

- Low profile valves and fittings with internal and automatic shut off capability
- Tank car ends will be beefed up and lengthened
- Better but thinner thermal protection
- Improved shell protection with much thinner insulation
- A disappearing coupler to prevent piercing of other tankers.

The new tank cars are likely to cost around US \$150,000 each when full production is reached. Existing tank cars cost approximately US \$100,000 each.

**STATISTICS**

**BRAZILIAN vs. CHINESE FOB GUM ROSIN EXPORT PRICE**



Source: Brazilian and Chinese customs.

**PCA WELCOMES NEW MEMBERS**

Xenico Pte Ltd  
August '07

Guangzhou Komo Chemical Co Ltd  
September '07

Guangdong Agribusiness Group I/E  
September '07

Hainan Wuzhishan Group Co Ltd  
September '07

Xiamen Commercial Unity Co. Ltd  
September '07

Winpine Ltd  
September '07

Evertop Logistics Co Ltd  
September '07

Guangdong Native Produce I/E Corp  
September '07

China Tuhsu Flavors & Fragrances  
September '07

Polimeros Sinteticos, S.A.

## PCA INTERNATIONAL CONFERENCE PHOTOS



*US Grant Hotel's restored main entrance.*



*Faye and Greg Adams at the Speaker's Dinner.*



*Nancy and Jerry Cross at the Speaker's Dinner.*



*Delegates enjoy Final Night's Event at the Air & Space Museum.*

## PCA UPCOMING EVENTS

Please mark your calendars with the dates off the following meetings;

**ANNUAL MEETING 2008** – April 30, May 1 and 2 –  
Grand Hotel Point Clear Resort & Spa – Point Clear, AL

**INTERNATIONAL CONFERENCE 2008** – September 28, 29 and 30 -  
Intercontinental PRAHA, Prague, Czech Republic.



*Pinus massoniana* tapped in Guangxi Province, China.

## A DROP AT A TIME

Alex CUNNINGHAM

About a dozen of different pine species are tapped around the world, with yields in the range of less than a kilo of crude gum per tree per year to more than eight kilos per tree per year. A lot of factors influence the amount of crude gum that is collected during one crop.

These factors can be related directly to the technique applied to produce the crude gum, or to external conditions like forest management, weather and soil. It is interesting to point out that today the three major producers of crude gum in the world (Brazil, China and Indonesia) use three different tapping methods; all of them originated more than one hundred year ago in the USA or Europe.

Considering an average production of 3.6 kilos of crude gum per tree per year and only to make some quick calculations as the global average should be lower than that; we find that every tree produces about 10 grams of crude gum per day. So a very skilled labor hand is needed to collect those few drops that the pine tree produces every day. This is the key issue to define if a tapping operation is economically successful or not.