



Pine Chemicals Association, Inc.

Newsletter

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www.pinechemicals.org

PCA HOLDS 2009 INTERNATIONAL CONFERENCE IN SAN FRANCISCO, CA, USA

San Francisco, California, "the city by the bay" was the setting for the 2009 PCA International Conference on September 20 - 22. The historic and beautifully restored Fairmont Hotel was home to the Conference and its delegates for at least three days of events.

Attendance (171 in total) was off by about 25 per cent this year compared with the 2008 Conference in Prague, but we had a good representation of delegates from every part of the world where our industry has a presence.

The weather cooperated for the most part (with the exception of the Harbor Cruise) and delegates and their guests were able to enjoy all that San Francisco has to offer. Some stayed on for a few days after the Conference to partake of this fascinating city.

Prior to the official opening of the Conference the PCA Board of Directors met 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 Alan Phillips of Arizona Chemical.

The Conference officially opened on Sunday evening with the traditional Welcome Reception held in the Crown Room of the Fairmont. The reception provided the perfect opportunity for delegates and guests alike to renew old acquaintances and welcome first time attendees.

Monday morning started as usual with our first General Session. Chris Layton of Eastman Chemical our Conference Chairman had done an excellent job of assembling a group of presenters. All presentations centered on a theme of sustainability and green chemistry. Mike Roberts of Georgia-Pacific, PCA Chairman, began Monday's session with a brief update on PCA activities for the past year. Mike's comments focused mainly on the Committees and their overall importance to the Association.

INTERNATIONAL CONFERENCE 2009



Delegates and guests at the Welcome Reception.



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Chris Layton, Conference Chairman, Welcomes delegates at Monday's General Session.

Presentations made at Monday's General Session included the following.

Global CTO Supply - Janne Rantala – Arizona Chemical

Future Trends in the Market for Printing Inks – John Gowlett – Sun Chemical

Key Drivers for Adhesives, the Role of Sustainability – Fran Brady – Henkel Corp.

Perspective of a Major Brand Owner – Natasha Booth – Procter & Gamble Chemicals

Lee Godina of Resinall served as Moderator of Monday's General Session.

We returned to our practice of having a seated lunch for the delegates, along with a speaker. Anne Wenzel of Econosystems, presented a very interesting forecast for the near term global economy.

The Gum Rosin Committee met on Monday afternoon with a total attendance of about 40 people. John Smith of Arez the Committee chairman, organized an excellent program which included an around the world tour of the gum rosin industry. Robert Caggiano of Socer Brazil, Alex Nazari of Arez International, Achmad Fachrodji of Perhutani, and Nickolay Khodov of ORGKHIM, all gave excellent presentations on the state of the rosin industry in their respective areas. A technical presentation was made by Jim Russell.

A second reception was held on Monday evening.

Tuesday's General Session contained the following presentations.

Global Energy Outlook – Michael Bush – Energy Vision

Regulatory Outlook – Nelson Lawson – Lawson Consulting

Sustainability – A Business Imperative? – Marc Schurger – Eastman Chemical

Green Chemistry: The Big Picture – Jennifer Young – American Chemical Society

Steve Violette served as Moderator of Tuesday's General; Session.

Following the General Session on both Monday and Tuesday, the speakers assembled on the platform for a series of questions and answers.

On Tuesday evening delegates and guests attended the final night's gala event which included a cruise of the San Francisco harbor with dinner and live music. Two PCA members, Dan Dukes of Claremont, and Jim Turner of Vistaurum, participated in the entertainment.

INTERNATIONAL CONFERENCE 2009



Mike Roberts, PCA Chairman, discusses PCA activities during the past year.



Delegates at Monday's General Session.



Lee Godina as Moderator for Monday's General Session.



Janne Rantala addresses delegates on global CTO situation.



Monday's Speakers at the Q & A session.

INDUSTRY NEWS

ARIZONA CHEMICAL ANNOUNCES CLOSURE OF PORT ST. JOE, FL, PLANT

In May, 2009, Arizona Chemical announced the permanent closure of its Port St. Joe, FL, chemical plant. The company intends to transfer its Port St. Joe production to refineries in Panama City, FL, and Savannah, GA.

The closure will affect all of the approximately 77 employees at the Port St. Joe plant, and the company plans to provide them with comprehensive severance and outplacement assistance.

"This decision is not a reflection of the team members at the Port St. Joe plant," said Kees Verhaar, Arizona Chemical's President and CEO. "Unfortunately," Verhaar explained, "given the current economic outlook, the decision has been made that closing the Port St. Joe plant and moving its orders to the company's other refineries makes the best economic sense for the overall health of the business."

The Port St. Joe plant was built in 1957 and acquired by Arizona Chemical in 1986. The plant produces rosin, rosin esters and fatty acids for the adhesives, oleochemicals and inks industries.

EASTMAN GASSIFICATION PLANT DELAYED

Eastman Chemical has announced the delay of its planned coal gasification plant in Beaumont, TX. The unit will not come on stream until at least 2014, significantly behind its original schedule. Given the project size Eastman will likely seek partners for the implementation of the project rather than undertaking the project alone.

IFF IS CONSIDERING CLOSURE OF IRISH FRAGRANCE UNIT

International Flavors & Fragrances (IFF) is considering the closure of its fragrance compounding facility in Drogheda, Ireland, as well as a portion of the ingredients plant in Haverhill, UK. The closures under consideration are part of an ongoing strategy to focus production on higher value molecules and exit lower priced commodity chemicals. The closures would incur cost of around \$25 – 30 million.

INTERNATIONAL CONFERENCE 2009



John Gowlett speaks to the future of the printing ink markets.



Fran Brady talks about the future of the adhesives industry.



Natasha Booth addresses her perspective as a major brand mgr. at P&G.



Luncheon Speaker Anne Wenzel of Econosystems

ARIZONA CHEMICAL AND ORGKIM ENTER STRATEGIC ALLIANCE

Arizona Chemical and Orgkhim, two leading resin manufacturers, and both members of the Pine Chemicals Association, have agreed to enter into a mutual strategic technical and commercial cooperative agreement concerning TGAE oil for the tire and rubber industry.

"These signed cooperative agreements include an exclusive distribution agreement for Orgkhim's Norman-346 Extender Oil, TDAE oil for the tire and rubber industry," explained Juhani Tuovinen, Vice President and General Manager, Arizona Chemical - Europe. "We are very pleased and honored to work with the creative and resourceful Orgkhim team," Tuovinen added. "Our TDAE extender oil products are already approved, meet 2010 regulations and are used today by major tire and rubber producers," noted Orgkhim's General Director and CEO, Nikolay Khodov.

Arizona Chemical is the world's largest producer of naturally derived specialty resins and pine-based chemicals for the adhesives, inks and coatings, lubricants, fuel additives, mining and oleochemicals markets.

Orgkhim (www.orgkhim.com) is a leading resins manufacturer in Russia and is recognized for its advanced technology platforms for the tire and rubber industry. Orgkhim produces and supplies emulsifying agents and polymerization reaction initiator and also manufactures hot melt adhesives, petrochemical extender oils, rosin, turpentine and turpentine products, sealing wax, disinfectants, petrochemicals, and paintwork materials.

FORMATION OF FORESTAR CHEMICAL CO., LTD.

In June, 2009 the formation of Forestar Chemical was announced.

Forestar is a joint-venture company, established by China Forest Products Industry Corporation (a state-owned company) and individual investors Lifeng Song and Naiyin Zhang. China Forest has a majority stake in the company. The directorate consists of the following persons.

Chengshuang Bai	Chairman of the Board (Vice President of China Forest Corp.)
Lifeng Song	Vice Chairman of the Board and General Manager of Forestar
Qingkui Guang	Director and Vice General Manager of Forestar (Vice President of China Forest Corp.)
Naiyin Zhang	Director of the Board (General Manager of Star Pine Chemical Co. Ltd.)
Zuqun He	Director of the Board (General Manager of Hualin Chemical Co., Ltd.)

Forestar is responsible for managing and operating the pine chemical business, including the part that China Forest Corp. is running. The purpose of reinforcing Forestar's business function is to markedly improve its ability to serve customers and give it the power to compete

INTERNATIONAL CONFERENCE 2009



Delegates and guests at Monday night's reception.



Steve Violette as Moderator of Tuesday's General Session.



Michael Bush gives prediction on the future of energy.



Nelson Lawson talks about the future on the regulatory scene.

in the market by integrating manufacturing-capacity resources, market network resources, human resources, and financial resources.

Forestar's business structure combines production and manufacturing, research and customer service, and trading. The core business is food-grade resins, ink and adhesive resins, and turpentine derivatives. The goal for the company is to become a competitive business partner for all clients and to create value for them through our consistent efforts.

MARKET

PROFILE – FATTY ACIDS

In a recent article "ICIS Chemical Business" profiled the current as well as future status for the Fatty Acid market. The following contains excerpts for the article.

Fatty acids are derived primarily from vegetable oils such as palm and coconut. Grown primarily in Southeast Asia (Malaysia, Indonesia, Philippines) these oil crops are the feed stock for fatty acids. In the US fatty acids are produced primarily from tallow with the primary acid being stearic acid. Bleachable Fancy Tallow (BFT) is rendered from cattle and hog material after slaughter. Glycerin is also produced from tallow as a byproduct.

Fatty acids are used primarily in cosmetics and toiletries such as shampoo. They are also used as lubricants or plasticizers in rubber and polymer processing.

In recent years global fatty acid demand has increased as a result of end use growth. Also demand from US biodiesel producers has squeezed the supply of fats and oils. Increased demand drove BFT prices to a level of 32 cents per pound in August, 2009.

From an outlook perspective, the demand for fatty acids will continue to remain strong. The use of natural fats and oils in place of petroleum based feed stocks (biofuels, plastics) is expected to create competition for fatty acids production. Tax credits and subsidies or new environmental legislation will also enhance competition.

PCA WELCOMES NEW MEMBERS

PCA is pleased to welcome the following new members:

FLORACHEM CORP. - USA

FORESTAR CHEMICAL CO. - CHINA

SILVEX ENERGY AB - SWEDEN

INTERNATIONAL CONFERENCE 2009



Marc Schurger address the subject of Sustainability.



Jennifer Young discusses "Green Chemistry".



Speakers at Q & A session.



Delegates at Tuesday's General Session.



Dinner aboard the yacht "California".

PCA UPCOMING EVENTS

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

2010 PCA INTERNATIONAL CONFERENCE – 19, 20, 21 September, 2010– Ritz-Carlton, Grande Lakes - Orlando, FL, USA.

Follow by **PCA ANNUAL BUSINESS MEETING** – 22 September, 2010.

BOOK

CESEFOR together with the "Junta de Castilla y León" from Spain have produced a book recently published, in Spanish, about *Pinus pinaster* resin tapping. An interesting read about the history, current situation and future potential. The book can be downloaded from their site www.cesefor.com

