



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

PCA PLANS TO COMBINE ANNUAL BUSINESS MEETING WITH INTERNATIONAL CONFERENCE

At the 2009 Annual Meeting the PCA Board of Directors voted to suspend a separate business meeting and to incorporate it as part of the International Conference. That will be the case this coming September as we meet in Orlando for the 2010 International Conference.

The 2010 International Conference will be held at the Ritz-Carlton Hotel, Grande Lakes, on September 19 – 21st; the 22nd will be the date of the Annual Business Meeting. Located on an 18-hole Greg Norman Signature golf course the Ritz-Carlton, Grande Lakes is a stunning property. From the hotel there is easy access to world famous family friendly attractions such as Disney World (10 miles), Sea World, Discovery Cove, and Aquatica.

Alan Phillips of Arizona Chemical has volunteered to be Chairman of the 2010 International Conference, and he is hard at work on a list of interesting speakers and topics. We are in the process of reviewing activities for the final night's event and for the Spouse Program.

On Wednesday September 22nd we will conduct our Annual Business Meeting of the Association. For those of you who are PCA member companies, attend the Int'l Conference, but have never attended the Annual Business Meeting this presents an excellent opportunity. At the business meeting you will have the opportunity to sit in on meetings of the four PCA Committees. Also you will hear reports from the four Committee Chairmen on their activities for the past year. You will also get to participate in the election process for PCA Officers & Directors.

We will begin the day early (7:00 am) with a Continental Breakfast followed by a brief general session, and then move on to the meetings of the individual Committees. We also plan on a working lunch so that we can be finished by 3:00 pm, as I realize many of you will be departing for home.

If your company is a member of PCA please arrange your schedule to include an additional day in Orlando in order to attend the Annual Business Meeting.

INTERNATIONAL CONFERENCE 2009

*Delegates and guests at
the Welcome Reception*



INDUSTRY NEWS

ARIZONA CHEMICAL LAUNCHES CAMPAIGN TO EXEMPT VALUABLE PULP CO-PRODUCTS FROM DEFINITION OF "RENEWABLE BIOMASS"

Arizona Chemical has launched a vigorous campaign to have black liquor soap, crude tall oil, and crude sulfate turpentine excluded from the definition of "renewable biomass" as it currently stands in the American Clean Energy and Security Act as passed by the US House of Representatives in 2009, and the Clean Energy Jobs and American Power Act yet to be voted on by the US Senate. At issue are well intentioned goals designed to encourage companies to reduce green house gas emission and reliance on imported fossil fuels by burning "renewable biomass fuels".

"Reducing green house gas emissions and reliance on imported fossil fuels are laudable goals that we exercise daily as part of our sustainability initiatives," said Gary Reed, Vice President of Arizona Chemical, "But these goals should not come at the expense of a thriving domestic industry that relies on natural, renewable resources and ensures that every a harvested tree is used to its fullest potential."

Arizona has commissioned a third party review using Kyoto Protocol guidelines that revealed that carbon dioxide emission from current operations will be nearly doubled if pine chemical products are removed from the market.

ASHLAND TO SELL WOOD ROSIN & TERPENES BUSINESS TO TorQuest PARTNERS

Ashland Inc. has announced that its subsidiary Hercules, Inc. has signed a definitive agreement to sell its refined wood rosin and terpenes business formerly known as Pinova to a new company formed by TorQuest Partners, in a transaction valued at \$75 million. TorQuest is a leading manager of private equity funds in Canada. The transaction anticipates the transfer of the Brunswick, GA facility and approximately 200 employees to TorQuest.

As the world's only supplier of wood rosin the Pinova business generated revenues of approximately \$85 million in the year 2009. Its products are used in a variety of applications in the adhesives, construction, personal care, and agricultural markets. The independent company will operate under the name of Pinova.

The transaction is expected to close within 60 days.

Formed in 2002, TorQuest Partners is a Canadian based manager of private equity funds of approximately C \$700 million. TorQuest pursues investments in middle market companies with the goal of building value.

INTERNATIONAL CONFERENCE 2009



Mike Roberts, PCA Chairman, updates attendees on Association activities.



Delegates at Monday's General Session.



John Gowlett speaks on the future of the printing ink market.



Natasha Booth gives her view as a major brand manager from P & G.

INTERNATIONAL PAPER ANNOUNCES THE CLOSING OF THREE MILLS

International Paper Co. has announced the closing of its paper mill and associated operations at Franklin, VA, and container board mills in Pineville, LA, and Albany, OR. The shutdown of these mills will reduce the company's North American paper and board capacity 2.1 million tons, and will eliminate 1600 employees.

IP is citing the decline in demand for uncoated free sheet as the reason for the reduction in the product's production. The company is offering severance packages and outplacement assistance to employees affected by mill closures.

INTERNATIONAL PAPER CO. AND MEADWESTVACO ANNOUNCE FORRESTRY JOINT VENTURE

International Paper Co. and MeadWestvaco Corp. have announced the formation of a joint venture company known as ArborGen, LLC. The purpose of the JV Company is to replace a portion of pine trees in southeastern US forests with genetically engineered eucalyptus, a rapidly growing Australian tree that in its conventional strains dominate the tropical timber industry.

The use of such perennial plants – so named because they live and grow for many years – has long interested business and government, including the Department of Energy which has collaborated with ArborGen. These plants can be harvested when needed and, given their hardiness grow on marginal land.

ArborGen has been seeking government deregulation of its eucalyptus which is primarily engineered to resist freezing temperatures since 2008. If successful ArborGen would likely revolutionize the timber industry and the southern landscape by becoming the first company to roll out bioengineered trees on a large scale.

By adopting eucalyptus as a tree stock the United States would be simply catching up with countries like Brazil which has leveraged vast tree plantations in recent decades to pivot from a net wood importer to a net exporter. Pine cannot compete with eucalyptus from a growth rate standpoint. "The United States is behind the game on this" said Lee Pearson, ArborGen's director of regulatory affairs. "Lots of countries around the world have been growing eucalyptus for many decades."

Previous attempts to establish eucalyptus plantations in the south of the US, which came to a peak in the early 1980's, failed as the freezing temperatures tended to kill plants. Only in Florida have the trees survived, and have been used in limited ways such as for mulch.

INTERNATIONAL CONFERENCE 2009



Fran Brady addresses a delegate's question following Monday's General Session.



Chris Layton, Conference Chairman, presents a gift to Janne Rantala.



Delegates at Monday's lunch.



Delegates and Guests at Tuesday night's reception.

US WORK RELATED CHEMICAL DEATHS SHOW MARKED DECLINE IN 2008

The reduction in US chemical industry work related deaths in 2008 reflects improved safety programs throughout the industry. Figures from the US Bureau of Labor Statistics show that 18 chemical industry employees died from work related causes in 2008 compared with 24 in 2007, and 33 in 2006.

MARKET

GLYCERINE DEMAND TO SOAR

As the production of US biodiesel grinds to a halt, the demand for glycerine (and consequently the price) will likely soar in 2010. Glycerine is used in a wide array of products from toothpaste to polyols.

The biodiesel industry is the main source of crude glycerine which is manufactured as a byproduct of the renewable fuel. Now that biodiesel refiners are shutting down due to a delay in extending government price subsidies, crude glycerine production has all but dried up.

Yet another factor in the equation is the fact the Archer Daniels Midland (ADM) is expected to start up its newly constructed propylene glycol plant sometime in the first quarter of 2010. The plant will use as a feed stock crude glycerine.

NUTRACEUTICALS MARKET

According to a recent article in "ICIS Chemical Business" magazine, a market study on nutraceuticals has just been released by US based market research firm BCC Research. According to the study the global market for nutraceuticals is expected to increase at a compound annual growth rate of 7.4% reaching \$176.7bn in 2013 from \$117.3bn in 2007.

BCC breaks down the market into foods, beverages and supplements with foods being the largest, worth \$39.9bn in 2007. Nutraceutical supplements hold the second largest market share with sales of \$39bn in 2007. This segment is projected to grow at a rate of 3.8% CAGR reaching \$48bn in 2013. Nutraceutical beverages is the fastest growing segment and it is projected to have the largest market share in 2013.

INTERNATIONAL CONFERENCE 2009



Delegates and Guests at Tuesday night's reception.



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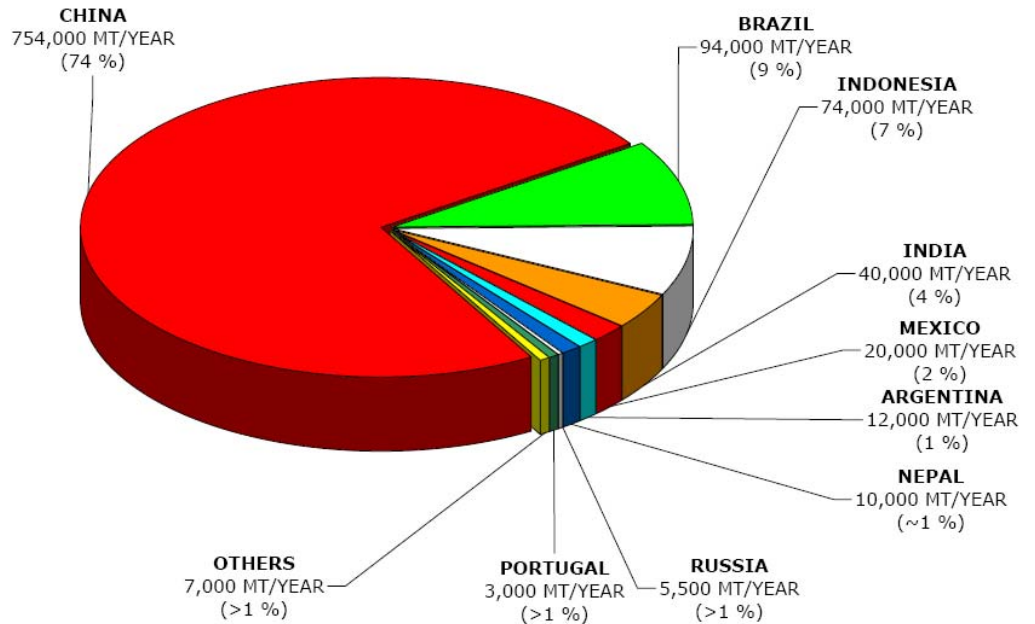
Michael Bush addresses the current situation on energy.



Delegates at Tuesday's General Session.

STATISTICS

2009 WORLD CRUDE GUM (PINE OLEORESIN) PRODUCTION



Compiled by *areldorado.com.ar*

From the total of 1,019,500 metric tons of crude gum produced in the world in 2009, we can estimate a total production of gum rosin of about 754,000 metric tons (74%). Other countries include: Spain, Cuba, Vietnam, Madagascar, Fiji, Colombia, Honduras, Malaysia and Uruguay.

NEW MEMBERS

AR Eldorado Ltda. - BRAZIL

PCA UPCOMING EVENTS

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

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

PCA ANNUAL BUSINESS MEETING schedule for 22 September.