



Pine Chemicals Association, Inc.

# Newsletter

3350 Riverwood Pkwy SE, Suite 1900, Atlanta GA 30339

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## **PCA ANNOUNCES PLANS FOR 2007 ANNUAL MEETING**

The Pine Chemicals Association will hold its 2007 Annual Meeting on April 25, 26, & 27 at the Inn at Harbor Town on Hilton Head Island, SC. Hilton Head is a delightful spot off the South Carolina coast between Savannah and Charleston. It has a great deal to offer in the way of golf, tennis, beaches, fishing, sight seeing, or simply relaxing. The Inn at Harbor Town is a small (only sixty rooms) luxury hotel, part of the Sea Pines organization. It is located adjacent to the famous Harbor Town Links Golf Course.

The Annual Meeting presents an excellent opportunity for PCA members to renew old friendship and to meet first time attendees. We will start the festivities with a Cocktail Reception on Wednesday evening, April 25<sup>th</sup>, followed by a buffet dinner. This meeting marks the 60<sup>th</sup> Anniversary of the founding of the Association, so we may plan something special to celebrate this milestone.

On Thursday morning we will meet briefly in a General Session to be followed by meetings of the three PCA Committees. Each of these Committees has a number of activities underway, so try to attend at least part of all three meetings. On Thursday afternoon we will hold the Annual PCA Golf Tournament which is always a lot of fun. Greg McLean, our Golf Chairman, usually has a few "tricks" up his sleeve to make the tournament more interesting. Following the golf we will have another Cocktail Reception where golf prizes will be awarded.

The Annual Business Meeting of the Association will be held on Friday morning, April 27<sup>th</sup>. At the meeting you will hear reports from the three Committee Chairmen, and a report on the financial state of the Association. In addition we will elect Officers and Directors for the coming year. The Annual Meeting will conclude with a buffet lunch.

Please make your plans to attend the PCA Annual Meeting at Hilton Head on April 25 – 27, 2007

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

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

## PCA 2006 INT. CONF. RIO DE JANEIRO



*Bernardo Mello presents speaker gift to Alex Cunningham*



*Jerry Cross at the Speakers Dinner*



*Enjoying the Speakers Dinner*



*Transtoto Handadhari presents a paper at Monday's General Session*

## INDUSTRY NEWS

### INTERNATIONAL PAPER CO. ANNOUNCES SALE OF ARIZONA CHEMICAL

In a news release dated December 19, 2006, International Paper Company announced the sale of its Arizona Chemical business to Rhone Capital III L.P. for approximately \$485 million. As part of the transaction IP will acquire a minority interest of approximately 10 per cent in the acquisition vehicle to be formed by Rhone Capital. The transaction is expected to close during the first quarter of 2007.

"We are excited about the sale of Arizona Chemical to Rhône Capital. We look forward to the opportunity to work with their leadership team to further grow our business as a global leader in the pine chemical industry," said Gerald Marterer, Vice President, Arizona Chemical. "Arizona Chemical is an excellent team of talented people with a well respected brand and an outstanding customer base worldwide. Our business has been a solid contributor to International Paper, and we expect to continue to thrive under new ownership."

Arizona Chemical ([www.arizonachemical.com](http://www.arizonachemical.com)) has been a global leader in pine chemistry for more than 75 years. The company is headquartered in Jacksonville, Fla., and supplies high-quality pine chemicals to the adhesives, inks and coatings, and oleochemicals markets.

Arizona Chemical has 11 manufacturing facilities worldwide, located in Panama City, Pensacola and Port St. Joe, Fla.; Savannah and Valdosta, Ga.; Dover, Ohio; Bedlington and Chester-le-Street, England; Niort, France; Oulu, Finland; and Sandarne, Sweden. Arizona Chemical also has research and development capabilities and a network of sales offices throughout the world, including a research and European headquarters in Almere, Netherlands, as well as a research laboratory in Savannah, Ga. The company employs nearly 1,500 team members.

Rhône Capital specializes in mid-market leveraged buyouts, recapitalizations and partnerships with particular focus on European and Trans-Atlantic investments. The acquisition of Arizona Chemical will be an investment of Rhône's third private equity fund.

### FORCHEM ANNOUNCES SALE TO MB FUNDS

In a press release dated January 8, 2007, Forchem Oy announced the sale of its shares to private equity company MB Funds.

Forchem was founded in 2000, and it operates a tall oil fractionation plant completed in 2002 in Rauma, Finland. Forchem's products are used in various chemical industry applications such as coatings, fuel additives, adhesives, printing inks and paper chemicals. Forchem sells the majority of its products within the EU area where it is the market leader in rosins. In 200, Forchem generated estimated gross sales of approximately Euros 77 million.

## PCA 2006 INT. CONF. RIO DE JANEIRO



*Joy Foster addresses the Monday General Session*



*Conference delegates enjoy the group lunch on Monday*



*Delegates and guests enjoy dinner at Porcao hosted by ANIPIN*



*Bernardo Mello, Conference Chairman*

"We are excited about the sale of Forchem to MB Funds. We look forward to the opportunity to work with their team to further grow our business as one of the leaders in the tall oil industry", said Martti Fredrikson, CEO of Forchem. "Forchem has an excellent team of talented people. The company has a widely recognized brand name and proven ability to fulfill customer needs. Our growth has been very strong and we expect it to continue under new ownership."

"In addition to Forchem's position achieved in the tall oil business, MB Funds' investment in Forchem is based on the successful completion of the planned sterol investment. When completed, Forchem will achieve a substantial market position as a producer of sterol raw material globally," said Eero Niiva, partner at MB Funds.

MB Funds is an independent Finnish private equity firm with investment focus in middle market buy-outs, privatizations, buy and build transactions and expansion capital.

## GIVAUDAN TO ACQUIRE QUEST

In a press release dated November 27, 2006, British firm Imperial Chemical Industries (ICI) announced the sale of its flavor and fragrance subsidiary, Quest International, to Swiss F&F company Givaudan. This follows on the sale of Uniqema (an oleochemical subsidiary) earlier in 2006. Quest International, based in Naarden, Netherlands, had sales of 560 million pounds sterling in 2005, and generated a trading profit of approximately 52 million pounds.

The acquisition of Quest for a reported 1.2 billion pounds sterling will make Givaudan the world's largest flavor and fragrance company.

## HERCULES TO BUILD PLANT IN CHINA

Hercules' Aqualon business unit announced the construction of a manufacturing facility in Nanjing, China, for its hydroxyethyl-cellulose (HEC) family of products. The new facility which will be located in the Nanjing Chemical Industry Park will have an annual production capacity of 15,000 tonnes, and is expected to start up in mid 2008.

## HEXION ACQUIRES GE SILICONE BUSINESS

The European Union has approved Hexion Specialty Chemical's acquisition of GE Advanced Materials. The sale is valued at \$3.8 billion.

## PCA 2006 INT. CONF. RIO DE JANEIRO



*Li Yi addresses Tuesday's  
General Session*



*Panel of speakers answer  
questions from the audience*



*Performers at the final  
night's Samba Show*

## MARKET

### STRONG DEMAND REPORTED FOR FATTY ACIDS IN CHINA

Chinese consumption of fatty acids has grown to 400,000 tonnes / year, and is expected to more than double by 2010. Projected growth rate is estimated to be 10% /year. Stearic acid demand in particular is growing as the demand for plasticizer additives continues to increase.

By 2010, the consumption of fatty acids in Asia is expected to exceed that of Europe, the largest global consumer of fatty acids, and will account for approximately 50% of global consumption. Global fatty acid demand has grown at a rate of 4 – 5% / year in recent years. Global fatty acid demand last year was 5.2 million tonnes, with Europe and North America accounting for about 60% of the market.

### STRONG GROWTH FOR F & F INGREDIENTS EXPECTED

According to BCC Research, the global market for flavor and fragrance ingredients is projected to grow from \$6.3 billion in 2006 to \$7.8 billion by 2011. The market for aroma chemicals will grow at an annual rate of 3.3%, and reach \$2.8 billion by 2011.

## REGULATORY

### DOCUMENT REPOSITORY AND ASTM TEST METHODS

The Environmental, Health & Safety Committee continues to add to the Document Repository articles and reports of interest to the pine chemicals industry. Since the last newsletter, we have uploaded 34 reports on the **toxicity and environmental testing of crude tall oil (CTO)**. These were performed to gain approval from the International Maritime Organization to continue to ship CTO in bulk tankers, and constitute the best and most complete test data on this basic raw material. We hope to have a summary of all these reports to add to the Repository in the near future.

We have also posted the HARRPA guide on **"Safe Handling of Hot Rosin and Hydrocarbon Resins"** that we feel should be useful to PCA members. Finally, we uploaded two useful summaries of all the test data we have on rosin. They were written by Drs. Bob Golden and Paul Illing, and should be useful whenever questions arise on the **health and environmental effects of rosin**.

To get to the Document Repository simply go to the PCA Website <http://www.pinechemicals.org/> and click on Document Repository at the top right. You will need a password to see most of the documents, and the Introduction page tells you how to get one if your company is a member of PCA.

The Committee has also placed a link on the Members Area of the PCA Website <http://www.pinechemicals.org/members/index.htm> that directs you to a list of the recommended ASTM test methods for the pine chemicals industry. From there you can find a link to the ASTM website where you can find and download the method. There is a charge from ASTM for each method.

## **PCA UPCOMING EVENTS**

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

ANNUAL MEETING–25, 26, 27 April, 2007–The Inn at Harbor Town– Hilton Head Island, SC

INTERNATIONAL CONFERENCE–23, 24, 25 September, 2007– US Grant Hotel–San Diego, CA