



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

ASSOCIATION FINALIZES PLANS FOR 2006 ANNUAL MEETING

Plans are being finalized for the 2006 Annual Meeting of the Pine Chemicals Association which will take place on May 3, 4, & 5, at Reynolds Plantation in eastern Georgia. The Annual Meeting is open to representatives from all member companies, and provides an excellent opportunity to be updated on the activities of the Association, to participate in the selection of officers and directors, and to meet and network with new and old members alike.

The format for the meeting will be much the same as it was last year in Charleston. A reception and informal dinner will be held on Wednesday May 3rd. Following a brief general session on Thursday morning, meetings of all three PCA Committees will take place. These are open meetings and attendees are invited and encouraged to attend. As is our custom, we will hold the annual PCA Golf Tournament on Thursday afternoon at one of the many excellent nearby golf courses.

On Friday morning May 5th, we will conduct the annual business meeting of the Association which will include the chairman's report, formal committee reports, and a financial report. The meeting will conclude with the election of officers for the year 2006 – 2007.

A program for the ladies is being developed which will include a tour of the nearby historic town of Madison, GA.

The hotel for this year's meeting is truly exceptional, being part of the Ritz Carlton luxury chain. It is located in a peaceful lakeside wooded area near spectacular golf courses. The hotel offers an extensive Spa for all sorts of beauty and relaxation treatments. The guest rooms, meeting rooms, and common areas are well appointed and comfortable.

Make your plans now to attend the 2006 PCA Annual Meeting on May 3, 4, & 5!

III BRAZILIAN PINE CHEMICALS SEMINAR



José Jorge Ferreira, Resinas Brasil.



Firmino Rocha, Euroyser.

III BRAZILIAN PINE CHEMICALS SEMINAR

ANIPIN sponsored the III Brazilian Seminar of Pine Chemicals in São Paulo last December 8th. This day long event was attended by about fifty persons from Brazil and abroad.

During the morning José Jorge Ferreira from Resinas Brasil gave his annual review of the Brazilian Pine Chemical industry. This presentation was followed with much attention by the participants, because every year it gives a resume of the past year and presents some trends for the following.

Firmino Rocha from Euroyser talked about the situation of the Pine Chemicals in Europe. A very detailed presentation about the current situation of raw material supply (gum rosin, tall oil and C₅ / C₉ petroleum derivatives) for the manufacture of the different types of resins that the European market consumes.

After lunch, Fernando Colameo Mota from Henkel made a presentation about the current situation of the adhesive industry. Nelson Barbosa Leite from the Brazilian Minister of Environment made the final presentation. He is responsible for planted forest in this Federal Agency and brought to the Seminar some hints of how to use the support that the current administration is giving for the formation of new pine plantations through a series of financial programs.

Next Seminar should be at the end of 2007, because this year the PCA International Conference will be held in Rio de Janeiro, and ANIPIN should be fully represented.

MARKET

STRONG GROWTH REPORTED FOR CHINESE INK PRODUCTION

The Chinese market for printing inks is reported to be 285,000 metric tons in 2004 according to German based consultancy Vincentz Network. With a projected growth rate of 5.9% the total market for printing inks in China could reach 379,000 metric tons by 2009.

The Chinese ink industry is considered highly fragmented with about 400 ink makers, about 30 of those considered majors.

Driving the growth of the ink market in China has been the growth of the middle class with greater purchasing power than ever before. Increased freedom in the country has opened up publishing and publication inks are expected to thrive.

PCA 2005 INTERNATIONAL CONFERENCE



Charles Sweet, Sue and Steve Violette.



Peter Jackets, Walter Jones and Corey Schneider.



Jerry Marter celebrates his Birthday.



Benjamin Ward delivers his paper.

INDUSTRY NEWS

ARBORIS APPOINTS GENERAL MANAGER

Thomas Harting, President of Arboris, LLC, has announced the appointment of Mr. C. Mathew Peabody as Vice President and General Manager. Most recently Mr. Peabody was President and CEO of Applied Carbochemicals. He holds a BS degree in Chemical Engineering from the South Dakota School of Mines, and an MBA from Southern Methodist University. He has lived and worked in Europe, Mexico, and Asia. Peabody will be located in Savannah, GA.

Harting also announced the appointment of Manny Canales as Senior Vice President, Special Projects, and member of the Arboris Board of Managers. Manny was responsible for the construction, staffing, and start up of Arboris' pine sterol production facility in Savannah.

COGNIS TO EXPAND JOINT VENTURE ACTIVITIES

Cognis and its Malaysian joint venture partner Golden Hope Plantations Berhad are expanding their mutual activities with the transfer of Cognis' oleochemical and plastics business to the JV. Effective January 1, 2006, Cognis' oleochemical business which includes fatty acids, glycerine, oil field chemicals, azelaic and pelargonic acids will be transferred to the joint venture company. Following the transfer of business the JV will have annual sales of approximately \$700 million.

DRT ANNOUNCES RETIREMENT AND APPOINTMENT OF TOP EXECUTIVES

Le Derives Resiniques et Terpeniques (DRT) has announced the following management changes.

Mr. Philippe Blanc President and CEO since 1979; Mr. Vincent De Laporterie, Chief Operating Officer since 1981, and Mr. Claude Capdepu, Director of Marketing and Sales since 1982, are all retiring. DRT has prospered under their collective guidance. Since 1980 the company has experienced a six-fold increase in annual turnover; a sales volume increase from 40,000 to 100,000 tons/year; expansion from one to three manufacturing facilities; and an increase in employees from 310 to 480. The end results of their combined leadership is a company that remains privately owned, is flexible and financially stable, and is well poised for future growth.

Mr. Laurent Labatut, has been named President and CEO of DRT. He joined the company in 2004 as Vice CEO. Mr. Labatut was most recently CEO of CENPAC, a distributor of packaging material. He holds a Masters degree from HEC Paris Business School, and an MBA from INSEAD, Fontainbleau.

Simultaneously, DRT announced the promotion of Mr. Eric Moussu as Director of Marketing and Sales.

PCA 2005 INTERNATIONAL CONFERENCE



Delegates enjoy their lunch.



EHS / HARPA Technical Committee members meet.



Roy Herbst addresses the conference.



More EHS / HARPA Committee members.

EASTMAN EXPANDS HYDROCARBON RESIN CAPACITY

Eastman Chemical has announced a 25% expansion of their hydrogenated hydrocarbon resin production capacity at the facility in Middleburgh, the Netherlands. The expansion scheduled for completion by September, 2006, will bring total capacity at that location to 30,000 metric tons per year. Increased global demand for hydrocarbon resins is sighted as the driving force behind the expansion. Eastman is also expanding the capacity of its Nanjing Yangzi joint venture facility by 30%.

HEXION AGREES TO PURCHASE AKZO'S RESIN BUSINESS

Hexion Specialty Chemicals, Inc. has agreed to purchase Akzo Nobel's ink and adhesives resin business for US \$103 million. This portion of Akzo's business had sales of US \$194 million in 2004, and produces resins for inks used in commercial printing and packaging, in digital inks for photocopying, and in pressure sensitive adhesives for tapes and labeling. The Akzo resin business has 10 manufacturing sites worldwide.

Hexion was formed in June, 2005, when Apollo Management merged several properties including Borden Chemical, Bakelite, and businesses purchased from Eastman and Shell Chemical into a single entity. Apollo is still planning an initial public offering of Hexion stock later this year. The offering is expected to bring roughly US \$800 million.

GEORGIA-PACIFIC PURCHASED BY KOCH INDUSTRIES

Georgia-Pacific Corp. has been purchased by Koch Industries, a family controlled conglomerate, for \$13.2 billion, or \$48 per share. Following the acquisition of GP, Koch becomes the largest privately held US Company.

Founded in 1927, Koch owns dozens of different companies (petroleum, chemicals, ranching, financial services, commodities, and paper) but few recognizable brands. With headquarters in Wichita, Kansas, Koch has annual sales of \$80 billion, and 80,000 employees worldwide following the acquisition of GP.

Georgia-Pacific, based in Atlanta, GA, is one of the nations' largest manufacturers of tissue, packaging, paper, and building products. In addition to Brawny and Dixie, GP's other brands include Quilted Northern, Angel Soft and Sparkle.

PCA 2005 INTERNATIONAL CONFERENCE



Delegates enjoy the final event at Universal City.



Delegates enjoy the final event at Universal City.



"Doc." Brown opens the Conference in Orlando.



Amenotep with a hieroglyph with the formula of rosin.

MEADWESTVACO ANNOUNCES MANUFACTURING & MARKETING JOINT VENTURE IN CHINA

Meadwestvaco's Specialty Chemical Division has announced the formation of a joint venture company with Fujian Shaxian Songchuan Chemical Industry (SCCI). The joint venture will expand SCCI's current output of tall oil derivatives primarily for sale in Asia markets and will be known as MWV (Shaxian) Pine Chemicals Company Ltd.

PINOVA TO EXIT TERPENE SPECIALITIES BUSINESS

The Pinova Division of Hercules Inc. has announced the discontinuation of its terpene specialties business. Market conditions in the fragrance business (including raw material prices) have resulted in difficulty in maintaining profitability for the product line. Pinova will continue to produce its line of terpene resins for adhesives.

REGULATORY

EU GOVERNMENTS SCALE BACK REACH LEGISLATION

In December, 2005, European Union Governments agreed to scale back even further the terms and condition of proposed EU legislation governing the registration and testing of chemicals. The legislation is commonly referred to as "REACH". The move by EU governments was made in an effort to reduce anticipated costs of compliance for small business. The move which was strongly opposed by countries such as Denmark and Sweden was widely praised by the European chemical industry.

EU Governments also eased the provisions regulating the most dangerous substances. Licenses will be considered for 1,500 such chemicals on a case by case basis by an EU agency. In most cases manufacturers are likely only to be encouraged to substitute different chemicals for substances deemed toxic.

Before "REACH" legislation can become law the EU governments and the EU Parliament must agree on the provisions. The earliest date for an agreement between the two is estimated to be late in 2006.

PCA UPCOMING EVENTS

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

ANNUAL MEETING – 3, 4, 5 May, 2006 – Ritz Carlton Lodge – Reynolds Plantation, GA

INTERNATIONAL CONFERENCE – 24, 25, 26 September, 2006 – Copacabana Palace Hotel – Rio de Janeiro, Brazil

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