

# CHEMICAL DISTRIBUTOR

Volume 43 | No 3  
July-September 2019




## Testing times for chemicals

### INSIDE THIS ISSUE

- Trade issues keep industry busy
- EPA consults on priority risk list
- Three myths dog digitization uptake
- Audits and inventory at ChemEdge
- PFAS moves raise level of concern
- Annual Meeting to deliver on value

**nacd**

National Association of  
Chemical Distributors



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## Upcoming Events

For more details, go to: [www.nacd.com/education-meetings/meetings/](http://www.nacd.com/education-meetings/meetings/)

### August 13, 2019

ChemEdge Pre-Con Responsible Distribution Workshop, Omni Louisville Hotel, Louisville, KY

### August 13-16, 2019

ChemEdge, Omni Louisville Hotel, Louisville, KY

### August 14, 2019

ChemEdge Pre-Con Workshop: Toxic Substances Control Act, Omni Louisville Hotel, Louisville, KY

### September 9-11, 2019

Northeast Region Meeting, Annapolis Waterfront Hotel, Annapolis, MD

### November 11-14, 2019

Annual Meeting, JW Marriott Marco Island Beach Resort, Marco Island, FL

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## Welcome

### Stay on your toes

Chemical distribution is an ever-changing industry. Constant developments on both the policy and operational front mean distributors must always be ready to adjust their business strategy.

New regulations, changes in trade policy, evolving industry best practices, and updates to NACD Responsible Distribution® each cycle all require regular attention in order to ensure your company remains in compliance and operates in an efficient and effective manner.

The removal of certain chemical products currently in commerce could have a significant impact on the inventories of our members. Legislation under consideration to ban per- and polyfluoroalkyl substances (PFAS) could prohibit approximately 5,000 chemical products from being sold.

As noted in this edition's article on PFAS, we are keeping an eye on this issue and advocating for a narrow approach to regulating these goods to ensure our members can acquire the products their customers need.

Additionally, the U.S. Environmental Protection Agency (EPA) recently identified the first 40 chemicals designated for review under the amended Toxic Substances Control Act. Many of these products are sold by NACD members, so EPA's final determination on these chemicals could reverberate across the entire chemical supply chain.

Companies should also make sure they are up to speed on operational best practices, like inventory management, emergency response, and environmental audits. Responsible Distribution has a plethora of resources that are updated on a regular basis. Please review them from time to time, especially as you begin to prepare for the 7th cycle of Responsible Distribution, which kicks off in January 2020.

Given these developments, not to mention the uncertainty around U.S. trade policy, I highly encourage you to reach out to NACD staff for any regulatory, Responsible Distribution, or other needs you may have as we wrap up the second half of the year.

NACD stands ready to help you tackle the ever-changing landscape of the chemical distribution industry.



**ERIC BYER**

President and CEO  
@ebyerNACD



## THOMPSON IS THIRD COAST'S FIRST COO

Third Coast Terminals has appointed Jim Thompson as its chief operating officer (COO), in an expansion of its executive team intended to boost growth at the company. "He understands domestic and global chemical sales, plant operations, and customer satisfaction in a way few executives can hope to, and has a proven record of maximizing the growth potential of Third Coast facilities," said Jim Clawson, founder and CEO of Third Coast. As COO, Thompson will be responsible for day-to-day operations of each of the Third Coast companies. He joined the company in 2009 and most recently served as commercial vice president of its Singapore-based Chemical Specialties Pte Ltd. facility. He previously served 12 years with LyondellBasell in commercial management and M&A roles. Texas-based Third Coast is a global network of affiliates dedicated to providing contract manufacturing, terminal services, customized sales, and marketing solutions to customers in the oil and gas, and chemical industries.



Jim Thompson takes on the role of chief operating officer

## CHEMSPEC HIRES CASE SALES MANAGER

Elizabeth Gadowski has joined ChemSpec as the Uniontown, Ohio-based company's new CASE sales manager. She will focus on coatings, adhesive, and sealants to further develop ChemSpec's growing CASE product line. She will cover the entire U.S. with the support of existing ChemSpec sales staff. Gadowski has a B.S. in chemistry from Cleveland



Elizabeth Gadowski takes a green chemistry approach

State University and is an industrial coatings specialist with several years of experience in R&D and technical support in the paints and coatings industry. She is a strong believer in environmental preservation, so focuses on green chemistry in addition to traditional coating applications. ChemSpec is a subsidiary of France-based Safic Alcan Group.

## MAROON GROUP EXPANDS CASE DIVISION

Maroon Group, LLC, distributor of specialty chemicals and ingredients, has appointed Joel Crockett to the position of account manager. Located in Franklin, Tennessee, he will be responsible for CASE accounts in Tennessee, Georgia, and Alabama. Crockett has served the CASE markets for 20 years throughout the southeastern U.S., mostly as account manager at Henkel, where he was responsible for cleaners and lubricants, adhesives, specialty coatings, and sealer markets. He has a strong history in leadership positions, executing growth strategies, and fostering collaborative relationships. He has both a B.S. in chemical engineering and an MBA.



Joel Crockett joins Maroon Group as CASE account manager

## EPI PROMOTES MYERS INTO CORPORATE ROLE

Elkhart Plastics, Inc. (EPI) has promoted Brian Myers to the position of corporate compliance manager. He has worked for the company since 2013 as quality manager for the South Bend, Indiana, facility. In his new role, Myers will assist EPI's corporate team and all six company facilities in maintaining and improving compliance to ISO 9001 quality management and ISO 14001 environmental management standards. He will also coordinate third-party audits and assist department leaders at each location. He will continue to be based in EPI's corporate office in South Bend. Prior to joining EPI, Myers worked at a metal finishing company. He is a graduate of Purdue University.

## LANGE TAKES CHARGE AT THE CHEMICAL DISTRIBUTION NETWORK

Chicago-based The Chemical Distribution Network (CDN) has appointed Michael Lange as executive director to manage the strategic and day-to-day activities of the organization. CDN has strong commitment from its 19 member companies, said Lange, and will continue to expand. "The long-term goal of the organization is to reposition its business model towards a more efficient global supply chain. We envision that CDN and its rapidly evolving collaborative supply chain model will enable it not only to compete effectively but also to position it as the lowest cost, highest quality, chemical distribution/logistics service channel to market." Lange brings with him nearly 26 years of chemical distribution experience, having held sales, sales management, general management, director and vice president roles with Univar. More recently, he was vice president of sales for SolvChem, Inc. in Houston, Texas. Additionally, he also co-founded and owned a recruitment firm that focused on sales and supply chain personnel in the chemical industry.

## TARTAN CONSOLIDATES DEBRO'S POSITION

Canada's Debro has strengthened its footprint in the country's industrial specialties market by acquiring Tartan Color and Chemical. The transaction makes Debro one of the leading independent distributors in Canada for industrial specialties, food ingredients, and home & personal care. Tartan is complementary to Debro in terms of markets served, supplier relationships, product offerings, and customers. Debro is acquiring 100 percent of Tartan and the two companies will be amalgamated. David Houston, president of Tartan, has made a long-term commitment to Debro and will be a significant investor in the joint enterprise going forward. His role will be president, industrial specialties. Bill Heise, CEO of Debro, stated, "We are excited to welcome David and the Tartan team to Debro. It was obvious very early in our discussions that the combined strengths of Debro and Tartan would create tremendous opportunities to grow our industrial specialties business, offer greater value to our supplier partners and provide a broader product portfolio for our customers."

## WOMAN-LED COMPANY TAKES TOP 50 GROWTH SPOT

CJ Chemicals, owned and run by Catherine Lee, has been ranked 38th in the Women Presidents' Organization's (WPO) 12th annual ranking of the 50 fastest-growing women-owned/led companies. Winners were announced during the WPO annual conference, held this year in Charlotte, North Carolina. Lee, president of CJ Chemicals, based in Brighton, Michigan, was also honored in the 2018 Top 50 listing. "I am delighted that this year our rankings show that women entrepreneurs are branching out into every sector of business," said WPO president and founder Marsha Firestone. "We are also very encouraged that companies of all sizes, such as CJ Chemicals, are represented. Some smaller but very successful companies demonstrated significant growth this year."



## HUNTSMAN RECOGNIZES MAROON AS DISTRIBUTOR OF THE YEAR

Huntsman Corporation's polyurethanes division has recognized Maroon Group as its 2018 Distributor of the Year. This is the fourth consecutive year that Maroon's CASE & Plastics Eastern Region has achieved this prestigious award. The award was presented to Maroon's sales and operations staff in appreciation of its sales growth and new business development. "To receive this recognition for a fourth year running is a testament to the value that a principal/distributor partnership can bring to customers when our supply position and promotional efforts align with the truest needs of our customers," said William Nicholas, Maroon's vice president of sales – Eastern Region.

## BRENTTAG AGREES DEAL WITH YIPIN USA

Brenntag Specialties, Inc., is now a distributor for Yipin USA, Inc.'s coatings, cosmetic, and personal care lines of iron oxides in the U.S. Yipin USA's iron oxides are synthetic, inorganic, and non-hazardous pigments which produce true and natural

colors. They are resistant to moisture and decrease the likelihood of bleeding or smearing and can be used in applications such as face powder, foundation, blush, lipstick, mascara, eyeshadow, and eyeliner. "We are delighted to enter into this new affiliation," commented Yipin USA's president, Peggy Wang. "Through this collaboration, we will be able to utilize Brenntag Specialties' logistics, industry knowledge, and infrastructure to provide our iron oxide pigments to a much larger audience." Yipin is a Chinese manu-

facturer of red, yellow, and black iron oxide pigments, with a U.S. office in Rancho Cucamonga, California.

## TOM FARGO JOINS EMCO'S SALES TEAM

EMCO Chemical Distributors, Inc. has appointed Tom Fargo as account manager for Michigan, Indiana, and Ohio. He has been in the chemical industry for over 25 years with a tremendous amount of experience in distribution. Fargo graduated from Eastern Michigan University. In his role, he will be responsible

for calling on customers in a multitude of industries, including paint & coatings, plastics, HI&I, lubricants, personal care, and food processing. Fargo will be based out of Detroit, Michigan.

## HYDRITE FORMULATION FOR ETHANOL INDUSTRY

Hydrite Chemical Co., has launched its new *Hydri-Maize* catalyzed bisulfite product line for scrubber applications, intended to decrease plant emissions, cut energy costs and freshwater consumption, and debottleneck operations for the fuel ethanol industry. The All *Hydri-Maize* catalyzed bisulfite products are used for VOC abatement in CO2 scrubbers, helping meet VOC reduction goals. Scott Cumming, biofuels product manager for Hydrite, commented, "We are excited about the announcement and launch of the new *Hydri-Maize* catalyzed bisulfite product line. Our catalyzed bisulfite line has already taken over 2 billion pounds of fresh water out of ethanol processes across the U.S. We look forward to taking out 2 billion more pounds."

## MAROON TO DISTRIBUTE WESTREZ ROSIN ESTERS

Ingevity, a supplier of biobased tackifying resins for adhesives, has appointed Maroon Group, LLC as exclusive U.S. distributor of its *WestRez* rosin ester product line. Maroon's CASE and technical sales and support team will promote the products and leverage the compa-

## YOUNG HIGH-FLYER RECOGNIZED BY PRODUCTS FINISHING

Products Finishing magazine has named MicroCare Corporation's technical project chemist Venesia Hurtubise in its annual 40-Under-40 leadership group, recognizing her as a rising star in the finishing industry. At MicroCare, Hurtubise is instrumental in developing innovative chemical formulations to help metalworking customers debind, clean and dry metal parts. Elizabeth Norwood, MicroCare senior chemist, said: "Venesia deserves recognition for her work. Not only is she an exceptional chemist, company representative, student and colleague, but she should be viewed as an outstanding product finishing industry leader." She has three pending patents for high-performance cleaning fluids engineered to meet strict environmental regulations. After studying at the University of New Haven in Connecticut, she went to Imperial College in London where she earned a B.S. degree in chemistry and forensic science and an M.S. degree in green chemistry.



Venesia Hurtubise rewarded for leadership abilities

## QUADRA CHEMICALS REVEALS SUCCESSION PLANS

Tony Infilise, co-founder and CEO of Canada's Quadra Chemicals, Ltd. and Quadra Chemicals, Inc. in the U.S. has announced that Philip Infilise, vice president resources, will succeed him as CEO of both companies on October 1, 2020. In the meantime, Philip will report to Tony in a transitional CEO role and ensure successful transfer of the resources division and delivery of several key corporate objectives, including Quadra's digital transformation.

Tony, who has led Quadra for 43 years, will focus from October 1, 2020 on his role as chairman of the board of Infilise Holdings, Inc., Quadra's parent company. The CEO succession announcement follows the appointment on October 1, 2017 of Anne-Marie Infilise as president. On October 1, 2019, Normand Goyer will take over as vice president resources. Goyer joined Infilise Holdings as vice president in 2014 and became Quadra's corporate vice president in November 2018. To support the high priority of digital transformation, Quadra's chief digital officer, Michel Lamba, will report to Philip as of October 1, 2019.



Philip (left), Anne-Marie and Tony Infilise – in charge of Quadra

## UNIVAR SOLUTIONS SIGNS AGCHEM DEAL WITH NOVOZYMES IN CANADA

Univar Solutions' NexusAg business has entered a sole distribution agreement with Novozymes to offer its downstream biological products in Canada. These represent a significant portion of Novozymes' inoculants portfolio. With the start of the agreement, NexusAg is being re-named NexusBioAg, focused on crop nutrition. The agreement adds Novozymes' leading product brands, such as *JumpStart*, *Optimize ST*, and *TagTeam LCO*, to NexusBioAg's extensive portfolio of crop fertility and biological products. In addition, the NexusBioAg team welcomes 11 former BioAg Alliance and Novozymes employees, bringing together a diverse group of agricultural experts. "This combination is exactly the kind of strategic collaboration the increasingly advanced Canadian agricultural industry needs," said Neil Douglas, vice president of agriculture for Univar Solutions.



Crop nutrition is key focus for new NexusBioAg business

ny's extensive customer network to promote Ingevity's innovative adhesive solutions for a broad array of applications. "Partnering with Ingevity on its *WestRez* rosin esters is a great fit for our CASE distribution business," Eric Post, vice president, principal management – CASE at Maroon, said. "Their IngeviWay culture to improve the world through innovations that purify, protect, and enhance is perfectly aligned with our culture of Creating Customer Success with every interaction with our valued principals and customers."

### LG CHEM ELASTOMERS NOW AVAILABLE FROM PALMER HOLLAND

South Korea's LG Chem has appointed Palmer Holland as U.S. distributor for its line of *Lucene* polyolefin elastomers (POEs). These provide superior impact resistance/shock absorption, high elasticity, and low thermal sealing temperature and are commonly used in automotive, footwear, and wire & cable applications as well as in foams, multi-layered films, laminating films, food packing films, and films for industrial use. "LG Chem is one of the most highly respected manufacturers of POE because of the proprietary metallocene catalyst," said Eugene Bae, international business development manager at Palmer Holland. "Its dedication to customer growth and success through creating innovative materials and solutions matches perfectly with the Palmer Holland culture."

### BRENNTAG SEALS DEAL WITH HEXION...

Brenntag North America, Inc. has agreed with Hexion to be its national distributor for epoxy specialty and base epoxy resins and intermediates in the U.S. and Canada. The Hexion portfolio of epoxy resins, curing agents, and modifiers complements Brenntag's existing coatings and construction market offerings. Hexion products are often utilized in end applications such as in manufacturing furniture, coatings, adhesives, flooring, and electrical castings and laminates. Markus Klähn, CEO of Brenntag North America, said, "Hexion's high-performance epoxy products and technologies will allow us to solidify our position as partner of choice in the coatings, adhesives, and construction segment and enable us to offer our customers innovative solutions through a dedicated team of technical experts".

### ... ACQUIRES NEW ENGLAND RESINS & PIGMENTS

Brenntag has acquired New England Resins & Pigments Corporation, a regional distributor of specialty chemicals and packaging solutions with commercial operations predominantly in the New England states. The company, registered as NERP Holding Co., Inc. and headquartered in Woburn, Massachusetts, services mainly the coatings and construction, adhesives, and other specialty industries. Markus

Klähn, CEO of Brenntag North America, said, "The acquisition supports our ongoing growth in specialties and complements our presence in New England as a strong and reliable distribution partner of the industry." NERP's specialty chemicals portfolio includes color pigments, functional minerals and resins, and additives. The acquired business generated sales of \$28.6 million in financial year 2018.

### MICROCARE DELIVERS ELECTRONICS CLEANING PRESENTATION

MicroCare Corporation, in collaboration with industry affiliates Indium Corporation and Weller, hosted a technical symposium at SMTA Dallas on July 24 in Richardson, Texas. The half-day reliability-focused event brought together electronics industry leaders to deliver presentations in their areas of expertise. MicroCare technical consultant John Hoffman presented on



John Hoffman of Microcare spoke at SMTA Dallas event

"Cleaning for Reliability in Electronics", illustrating how electronics cleaning can be an important tool for enhancing reliability. "Successful critical cleaning involves first identifying the contaminant and then selecting the best combination of cleaning fluid and method to effectively remove it. Balancing these factors properly can enhance cleaning reliability," Hoffman said. Also presenting at the Surface Mount Technology Association (SMTA)-sponsored symposium was Indium Corporation's Kim Flanagan and Bubba Powers of Weller Professional Tools – North America.

### ELEMENTIS CHOOSES MAROON FOR CHROME PIGMENT BUSINESS

Elementis Chromium, one of the largest chromium chemical producers and with production facilities in the U.S., has named Maroon Group, LLC as exclusive distributor for its chromic oxide pigments in the eastern, midwest, and southwest U.S. territories. Maroon Group's CASE & plastic technical sales and support team will manage this business and leverage Maroon's extensive customer network to promote Elementis' products and technology. "Expanding our partnership with Elementis to include their chromium business is a perfect complement to the bundle of technologies we offer our customers in the CASE, construction, and plastic market segment," said Eric Post, vice president, principal management CASE at Maroon.





## THE VIEW FROM WASHINGTON



# WASHINGTON PREPARES FOR 2020 ELECTIONS

There are only 15 months to the next U.S. elections but a huge amount of business to be transacted in Congress and the courts

**Doug Leigh** Washington DC

Making plans for November 3, 2020, on our personal calendars may seem like a reach far into the future. However, if you are a Member of Congress, starting to make plans now means you are late to the game.

The looming 2020 election is already shaping the agendas of all three branches of the U.S. government. President Trump filed for re-election in January and has started his campaign trail. Meanwhile, the Democratic Party has 24 (and counting!) presidential candidates.

If you are keeping an eye on some major action on Capitol Hill, now is the time to watch closely as Congress rushes to get it all on the docket before 2020. Looking to the courts, another big contender that may throw a wrench into things is the Affordable Care Act, which could end up in the Supreme Court smack in the middle of the 2020 election.

### CONGRESSIONAL BREAKDOWN

The current U.S. House of Representatives breakdown is 235 Democrats, 198 Republicans, and two vacancies. A net gain of roughly 20 seats in November would allow Republicans to retake the majority.

In the U.S. Senate, incumbency is one of the GOP's strongest re-election safeguards; however, increased Democratic voter enthusiasm could flip the chamber. The GOP must defend 22 seats. Republicans could maintain their majority if they hold on to the 20 states that voted for President Trump in 2016.

### 2019 LEGISLATIVE TRACKER

Lawmakers are in crunch mode as they race against the 2020 clock. They must agree on spending levels before the October 1 deadline or risk a government shutdown. Other big

items include passing a controversial defense bill, the National Defense Authorization Act (NDAA); approving a North American trade deal; and an infrastructure package.

Major changes that chemical distributors should watch lie within these legislative vehicles. Congress has eyed the NDAA to include major PFAS changes (per-polyfluoroalkyl substances). It has also indicated its intent to fix America's truck driver shortage by including the DRIVE-Safe Act in an infrastructure bill.

### CHEMICAL REGULATION

Congress is looking at a wave of proposed PFAS legislation that could be added to the NDAA. The Senate passed its bill that included amendments addressing PFAS concerns, while stopping short of regulating the large, diverse class of chemicals under the same umbrella.

If the House votes as expected on its NDAA, it will likely include measures requiring the U.S. Environmental Protection Agency (EPA) to designate all PFAS as hazardous substances for the purposes of Superfund within one year. President Trump has also threatened to veto the NDAA over, among other things, two PFAS-related provisions.

### CHEMICAL SECURITY

Halfway through 2019—with only nine months until the Chemical Facility Anti-Terrorism Standards (CFATS) program sunsets—Congress initiated steps to avoid another last-minute showdown over reauthorization. In June, House Committee on Homeland Security Chairman Bennie Thompson (D-MS) introduced, and the committee passed, H.R. 3256. The bill reauthorizes CFATS for five years.

Shared jurisdiction now shifts the issue in the lower chamber to the Committee on Energy and Commerce where the committee's majority has

been vocal about adding safety elements to the anti-terrorism security program.

Across the Capitol, Senate Committee on Homeland Security and Governmental Affairs Chairman Ron Johnson (R-WI) is expected to introduce his own CFATS reauthorization bill following August recess.

### TRADE

Current economic globalization is undergoing a period of change. The investigation on China's trade practices under Section 301 of the Trade Act of 1974; the Department of Commerce's Section 232 steel and aluminum tariffs; the renegotiation of the U.S.-Mexico-Canada Agreement (USMCA); President Trump's Mexican tariff threats; and the termination of India and Turkey from the Generalized System of Preferences trade program have rattled chemical distributors who have built strong international supply chains.

NACD's economic analysis on Chinese chemical products on List 4 estimates that the price increase results in 2,203,648 tons of reduced chemical distributor sales—a reduction of about 2.1 percent. The cost to the American economy in the chemical distribution industry could be nearly \$543.7 million.

Congress is working on the Import Tax Relief Act of 2019 that would create a Chinese tariff exclusion process. Up to bat before 2020 is Congress's biggest hurdle—USMCA passage.

### INFRASTRUCTURE

President Trump and Congress have indicated they are unable to agree on a highway funding plan to fix our infrastructure. Congress has proposed public-private partnerships and increasing the gas tax to fund the Highway Trust Fund—a state funding account and the legislative vehicle that could pass the DRIVE-Safe Act. ■

# Trade tensions take their toll

The ramping up of tariffs on goods coming from China is adding costs that U.S. distributors are having to absorb and/or pass on. Talk of a fourth list of products to be included is creating uncertainty and extra work for companies

Jane Gibson London

The pause button may have been pressed on the U.S.-China trade war, but trade tensions and protectionism continue to impact the health of the U.S. chemical distribution sector as well as the economy at large.

From changes to the U.S.'s Generalized System of Preferences (GSP) to the shaky discussions around the new trilateral U.S.-Mexico-Canada Agreement (USMCA), uncertainty and change are pressing down on chemical markets, and not just in the U.S., but across the globe.

At the G20 summit held in Japan at the end of June, President Donald Trump and China's president Xi Jinping agreed to resume trade talks, with Trump halting the addition of tariffs on \$300bn worth of Chinese imports (List 4), which were due to take effect from some point in June.

List 4 contains few chemicals – some forms of phenol, palm oil, fatty acids, and finished plastic goods are on the list – but there are products that were removed from List 3 that have subsequently returned.

List 3 has hit the chemical industry the most and U.S. distributors have had to react quickly to mitigate the additional costs. The U.S. Trade Representative (USTR) imposed tariffs on \$200bn worth of imports from China, many of which include plastics and petrochemicals.



**"We've been dual-sourced for over 20 years in India with all of our products. It made sense as a geopolitical and natural disaster hedge"**

John Logue  
CEO, Royale Pigments and Chemicals

The List 3 tariffs were applied on September 24, 2018 starting at 10 percent, and rose to 25 percent from midnight on May 10, 2019.

Doug Brown, president, Brown Chemical Co., Inc. says, "List 3 got anybody who got through the first two [lists]. Tariffs are taxes, so ultimately we have to tell the market what is going on. Ten percent we could absorb but now the 25 percent needs to be passed on. How that will psychologically impact the market – who knows?"

John Logue, CEO at Royale Pigments and Chemicals, says, "In general, we have shared the tariffs with our partners in China. It's painful but we have long-term business that's been developed and gone through qualification over many years. The increase in price for China-sourced products ends up below 10 percent. It's Chinese trade practices and our overzealous president that have caused this mess; everyone takes a hit.

## DUAL SOURCING A BENEFIT

"We've been dual-sourced for over 20 years in India with all of our products. It made sense as a geopolitical and natural disaster hedge back then. We have had to rebalance some of our lines more toward India in the past eight months."

Megan Gluth-Bohan, CEO at TRInternational, has sometimes split the cost three ways: "We have a very strong commitment to our customer – we have made sure that we have had a conversation with the customer and the supplier. But there is still a cost to the end user. You might get five percent off from the supplier and shoulder five percent – but there is still a cost that you have to bring to the customer."

There have also been consequences of retaliatory Chinese tariffs on U.S. goods. China hit back by imposing tariffs ranging from five percent to 25 percent on \$110bn of U.S. products, including chemicals, coal, and medical equipment.



"Some of our customers sell to China and a few have chosen to withdraw from certain products that are on the retaliatory list. Our end-user customers have lost the China market and so they buy less chemicals from us."

An unexpected impact of the U.S. tariffs has been the increased costs of steel drums for transportation as a result of the duties on aluminum and steel on List 1, which was implemented just over a year ago. Distributors are now paying up to 25 percent more for steel drums than before, an extra cost that has had to be passed on to the customer or absorbed.



**"We got very few products off List 3 and it won't get any easier as time goes by"**

Doug Brown  
President, Brown Chemical Co.

Nicole Serafin, director, regulatory affairs at Charkit Chemical, says, "The biggest challenge is the uncertainty of it all. You can't prepare when things change so quickly. We have been able to pass most of the tariffs through. The biggest test was when product was already on the water when the tariff was added. In that case, we had to absorb it all. Now, when sourcing new products from China, it's more work in the beginning to check if it is on the list – we have to ask if we should import it."

The list itself has created a significantly increased workload. "You have to find out which number refers to the product that has come from China. Every time a new list comes up, there is some panic, and we have to set about finding out which products are relevant."



It seems clear that big or small, it is important that distributors can source from places other than China. C.J. Diamond at Astro Chemicals, Inc. says that while his company has had to pass some cost on to the customer, it has also looked to expand its supply chain since the tariffs took hold.

"The 10 percent didn't affect us but the 25 percent has. It has forced us to look beyond China for certain molecules – to [South] Korea and Taiwan and even Europe. The dollar has strengthened against the euro and so Europe is more competitive now. For most molecules, we have found somewhere else to supply and some are still viable to buy from China.

## EXPANDED SUPPLY CHAIN

"There might be a positive because it has forced us to expand our supply chain and this could be good in the long run. But in the short term it has been very tricky."

One indirect consequence of the tariffs, however, is that other countries have started to increase their prices for products that are on the list. Logue says, "Everybody has raised prices as a result of the tariffs – Malaysia, Europe, India – and I don't blame them. You have to be realistic, but sellers shouldn't be abusive."

Despite other countries raising prices as market dynamics take hold, their products are still cheaper than Chinese products with the tariffs added.

One provider that distributors have looked to is India. Brown says, "If you spent 20 years developing a relationship in China but not in India, you now need to start doing that. Lots of people are turning to India – they have 20 suitors now rather than five and so we are having to compete more heavily for molecules."

Diamond adds, however, that in terms of transport infrastructure, India is less developed. "There are mature trade lanes set up from China

to the U.S. but sailings from India are less consistent. China has built substantial inland transport infrastructure to get products to port. In India, they are still running on some railways and roads built by Queen Victoria."

Another issue of viewing India as an alternative market is the decision in June by President Trump to remove India's preferential treatment under GSP – a scheme that allows some goods to enter the U.S. duty-free. Some \$5.6bn worth of Indian exports will be hit. In return, India has also placed tariffs on some U.S. goods. Again, distributors are looking to either share the cost with Indian suppliers or pass it on to customers. Gluth-Bohan says, "That's a hit of close to six percent and so there is a tightening of the options there."

Turkey has also lost its preferential status. Diamond points out, however, that where Turkey is a strong player, it might be a chance for the U.S. domestic producers to expand market share.

NACD's Allison Tuszynski, senior manager, regulatory affairs, says, "The members have been feeling the pain of the China 301 tariffs specifically and, combined with the other uncertainties in trade including USMCA and GSP, it's a difficult time to be an importer in general.

"In the interim at NACD, we've been responding to questions about the comment and exclusion processes, assisting members in filing their own comments, and facilitating member participation in Washington D.C. at the USTR tariff hearings.

"The List 3 exclusion process just opened on June 30, so we've had some questions about that. I expect a few members will be submitting exclusion requests. We're hoping the process will be more predictable and transparent than it was for Lists 1 and 2."

Tuszynski says that six items were removed from List 1, just one item removed from List 2, and 30 items removed from List 3. "All through the

comment process, it has been very mixed. The first time around, we only requested six and got all six items off the list. For List 3, we requested 387 and only got 30 removed.

"What's happening now with List 3 is the exclusion process. We have seen items that were removed from List 3 placed back on to List 4 and the one item we had removed from List 2 was also placed back on List 4. It's been a frustrating experience. Many besides us have questioned why USTR is removing items and then placing them back on later lists. It undermines the entire comment period in the first place."

Brown adds, "We got very few products off List 3 and it won't get any easier as time goes by. If there is no other or just one other supplier then it might be removed, or if it goes into pharmaceuticals or into a product that goes into national security or defense."

On a positive note, President Trump has recently agreed to send the USMCA trade deal to Congress for ratification. The Mexican government has already ratified the agreement, but only after the U.S. withdrew



**"We have made sure that we have had a conversation with the customer and the supplier"**

Megan Gluth-Bohan  
CEO, TRI International

a threat to impose punitive tariffs on Mexican goods. Canada still has to ratify the agreement.

Gluth-Bohan says, "USMCA seems to be sorted out but I don't know how stable these agreements are. That's part of the uncertainty seen in the economy."

The Section 301 tariffs have impacted demand across the sector and there is little sign they have stimulated investment at home. Logue says, "Capital investment is a tough decision and you can't base it on a 25 percent tariff. We could have a totally different administration in two years."

Gluth-Bohan adds, "When we feel a slowdown in the economy, then we take a pause in terms of investment. At TRI, I am in a phase of evaluation – how will all this impact the business overall?"

How long tariffs will continue to impact the sector – who knows? Geopolitical games are likely to remain a feature of the market for some time. Brown says, "People on the street will not get too excited about it until they see the impact on the shelves. Then there will be some pressure on the political side to do something."

He advises, "Stay close, keep reading. And keep in touch with the people at NACD who can help." ■

## WHAT CAN MEMBERS DO?

- Visit the NACD blog [Responsible Reflections](#) and NACD's resource page on tariffs
- Review the NACD webinar "USTR's China 301 Tariffs: What Can Chemical Distributors Do?" presented August 30, 2018
- Reach out to NACD's regulatory team Allison Tuszynski and Jennifer Gibson with questions and to share the stories of how the tariffs will impact them
- Call or email their representatives to share how the tariffs will impact their business



# EPA issues first list for priority review

Chemical distributors will likely be affected by EPA's move to begin assessing existing chemicals for safety in use. NACD is watching developments in the initial stages, but is there to help when called upon

John Baker London

March 20 this year saw the U.S. Environmental Protection Agency (EPA) publish the names of 40 chemicals to kick-off the new process of reviewing chemicals currently in commerce, as laid down in the amended Toxic Substances Control Act (TSCA).

The list begins the prioritization stage of the new review process, with 20 chemicals suggested as high priority for subsequent risk evaluation, and 20 as low priority, meaning that risk evaluation is not warranted at this time.

Publication of the list in the *Federal Register* initiated a 90-day period of public comment on the proposals and activated a statutory requirement for EPA to complete the prioritization process in the next nine to 12 months.

When prioritization is complete, chemicals designated as high priority will begin a three-year risk evaluation process to determine if the chemical presents an unreasonable



**"The new TSCA is very different from the old TSCA and we are already seeing more restrictions"**

John Boruta

Quality assurance and compliance manager,  
R.E. Carroll

risk to human health and the environment under specified conditions of use. The findings may lead to the imposition of risk management actions in a third stage of the review process.

Of the first 20 candidates for high priority evaluation, 10 have been selected from the EPA's 2014 update of the TSCA Work Plan, while the 20 low priority chemicals have been selected from EPA's Safer Chemicals Ingredients List.

The 20 high-priority candidates include seven

chlorinated solvents, five phthalates and phthalic anhydride, four flame retardants, formaldehyde, butadiene and a fragrance additive (see table).

A significant amount of work on formaldehyde has already been carried out by EPA in its Integrated Risk Information System (IRIS), though this has currently been suspended before a final report has been issued, with possible carcinogenic properties at issue. A 2010 draft IRIS assessment linked the substance to leukemia – a finding strongly disputed by industry.

EPA says this work will not be lost because of the new review process, adding, "In fact, the work done for IRIS will inform the TSCA process. By using our TSCA authority, EPA will be able to take regulatory steps; IRIS does not have this authority."

EPA currently has 10 chemicals already undergoing risk evaluation (see table). In addition, chemical producers, led by ExxonMobil Chemical, have recently requested that two further phthalates [diisodecyl phthalate (DIDP) and diisononyl phthalate (DINP)] be considered for risk evalua-

## LIST OF CHEMICALS UNDERGOING PRIORITIZATION

### High Priority Candidates

p-Dichlorobenzene  
1,2-Dichloroethane  
Trans-1,2-Dichloroethylene  
o-Dichlorobenzene  
1,1,2-Trichloroethane  
1,2-Dichloropropane  
1,1-Dichloroethane  
Dibutyl phthalate (DBP) - (1,2-Benzene-dicarboxylic acid, 1,2-dibutyl ester)  
Butyl benzyl phthalate (BBP) - (1,2-Benzene-dicarboxylic acid, 1-butyl 2(phenylmethyl) ester)  
Di-ethylhexyl phthalate (DEHP) - (1,2-Benzene-dicarboxylic acid, 1,2-bis(2-ethylhexyl) ester)  
Di-isobutyl phthalate (DIBP) - (1,2-Benzene-dicarboxylic acid, 1,2-bis-(2methylpropyl) ester)  
Dicyclohexyl phthalate  
4,4'-(1-Methylethylidene)bis[2,6-dibromophenol] (TBBPA)  
Tris(2-chloroethyl) phosphate (TCEP)  
Phosphoric acid, triphenyl ester (TPP)  
Ethylene dibromide  
1,3-Butadiene  
1,3,4,6,7,8-Hexahydro-4,6,6,7,8-hexamethylcyclopenta [g]-2-benzopyran (HHCb)  
Formaldehyde  
Phthalic anhydride

SOURCE: EPA

### Low Priority Candidates

1-Butanol, 3-methoxy-, 1-acetate  
D-gluco-Heptonic acid, sodium salt (1:1), (2.xi.)-  
D-Gluconic acid  
D-Gluconic acid, calcium salt (2:1)  
D-Gluconic acid, .delta.-lactone  
D-Gluconic acid, potassium salt (1:1)  
D-Gluconic acid, sodium salt (1:1)  
Decanedioic acid, 1,10-dibutyl ester  
1-Docosanol  
1-Eicosanol  
1,2-Hexanediol  
1-Octadecanol  
Propanol, [2-(2-butoxymethylethoxy)methylethoxy]-  
Propanedioic acid, 1,3-diethyl ester  
Propanedioic acid, 1,3-dimethyl ester  
Propanol, 1(or 2)-(2-methoxymethylethoxy)-, acetate  
Propanol, [(1-methyl-1,2-ethanediyl)bis(oxy)]bis-  
2-Propanol, 1,1'-oxybis-  
Propanol, oxybis-  
Tetracosane, 2,6,10,15,19,23-hexamethyl-

## LIST OF CHEMICALS IN RISK EVALUATION

Asbestos  
1-Bromopropane  
Carbon tetrachloride  
1,4-Dioxane  
Cyclic aliphatic bromide cluster (HBCD)  
Methylene chloride  
N-Methylpyrrolidone  
Perchloroethylene  
Pigment Violet 29  
Trichloroethylene

SOURCE: EPA

tion under the TSCA program.

NACD has been monitoring the situation for its members over the past four months, recognizing that some of them do business in some of the proposed high-priority chemicals. Allison Tuszyński, senior manager, regulatory affairs at the association says members have been coming to them with questions but that, at this time, NACD is advising a watching brief.

"Submission of comments is purely voluntary at this stage", she says, "and there is no requirement on members at this point in time. Further, most distributors wouldn't have the type of risk and hazard data typically generated or collected by manufacturers. Distributors are experts in handling these chemicals, usually in packaged form, but they are not the manufacturer or the end-user of the chemical itself."

## SHARING INFORMATION

NACD will be sharing information as it gets it, through its regular member news briefing and its technical committees and sub-committees. "We are monitoring proceedings closely for the chemicals we know are handled by our members and monitoring the public submissions as they come in."

Tuszyński notes, however, that when the EPA review moves into the evaluation phase next year, there will be more work for NACD and its members to do. Risk evaluation and possible subsequent risk management, she adds, is a long process given the three-year evaluation phase.

"EPA, under the revised TSCA authority, has more tools to impose risk management on chemicals. It could, for example, ban a product completely, restrict use to certain applications, or



**"EPA, under the revised TSCA authority, has more tools to impose risk management on chemicals"**

Allison Tuszyński

Senior manager, regulatory affairs, NACD

mandate information and notifications to be passed down the supply chain, limiting volume of use or imposing labelling requirements or process controls, for example, to reduce human exposure and environmental release."

The main concern among NACD members revolves around the additional costs that participating in the risk evaluation process and complying with any risk management procedures will bring.

John Boruta, quality assurance and compliance manager at R.E. Carroll, points out that distributors are regarded as manufacturers for the materials they import and so they need to pay attention to what is going on in the prioritization process and subsequent steps.

"We [R.E. Carroll] have the potential to be impacted... the new TSCA is very different from the old TSCA and we are already seeing more restrictions being attached to PMNs [pre-manufacture notices] and SNURs [significant new use rules], for example. In the past, a chemical company would not want a chemical to have a SNUR attached to it, but it is becoming the way of the world and we have to get used to this... it is very different from before."

Commenting on the prioritization list, Boruta says the company receives regulatory questionnaires from customers inquiring of the possible presence of the musk-scent HHCB in materials, so its inclusion in the 20 high-priority candidate list was not a great surprise. But he is not so clear on how the inclusion of phthalic anhydride and butadiene on the list will play out – given that they are widely used precursors for an extensive range of materials, which might be impacted in terms of potential availability or possible restrictions.

## SCREENING REVIEW CRITERIA

EPA will screen chemical substances under their conditions of use... by reviewing the reasonably available information with respect to:

- The hazard and exposure potential of the chemical substance
- Persistence and bioaccumulation
- Potentially exposed or susceptible sub-populations
- Storage near significant sources of drinking water
- The conditions of use or significant changes in the conditions of use of the chemical substance
- The volume or significant changes in the volume of the chemical substance manufactured or processed

SOURCE: EPA

On the latter, he notes, its use is largely well-defined, but a brand-new application might be a problem. His company, he adds, is very cautious as to what it onboards as new materials. The feeling is that the new TSCA will make it even more so.

"People need to be aware of all this. Knowledge and awareness are big question marks in the distribution sector, where many companies do not have the resources or regulatory expertise to devote to the issue." This, he adds, is where NACD comes into its own. Its staff, he says, has lots of experience in the regulatory area and companies rely on it to guide them through the issues.



**"We would get involved at the risk evaluation stage. It will affect what we can sell"**

Nicole Serafin

Director of regulatory affairs, Charkit Chemical

Nicole Serafin, director of regulatory affairs at Charkit Chemical, agrees with Boruta on the role of NACD in assisting members navigate the regulatory minefield. "We absolutely turn to NACD first. We can reach out to them on any point and submit comments on regulatory matters through NACD." She appreciates the regular industry contact through the association's *NewsBrief* newsletter – "a great resource for the industry" – and via several regulatory committees.

Once the EPA risk evaluations start, she adds, Charkit will go through NACD to make any submissions. The EPA's prioritization listing was much as expected, she notes, given the 2014 Work Plan. However, she feels there are other Work Plan chemicals that are more deserving of priority evaluation.

"The toughest part for us," she adds, "is the cost and time of keeping abreast of things." Charkit does a fair amount of importing of materials so it would be considered a manufacturer of these chemicals. But at present, it has none of the top 20 high-priority candidates on its books, although it has handled a couple at previous times.

"At the moment, we have not submitted any comments. We would do so if we were significantly impacted, but currently, we are monitoring what's going on and checking the lists against what is being published.

"We would get involved at the risk evaluation stage. It will affect what we can sell." She expects that once the priority chemicals have been reviewed and evaluated, there will inevitably be conditions attached to their use. Having a consent ruling or something similar could potentially rule out Charkit offering a chemical in the future, especially if the volume was low, she notes. ■

# Three persistent myths hold back digitization

Slow uptake of e-commerce in chemical distribution comes down to misunderstandings of the process and impact of digitization, argues Jay Bhatia, founder & CEO of Agilis Chemicals

Digital technologies offer unmatched opportunities to increase operational efficiencies, streamline supply chains, and improve customer engagement.

These days, seemingly every industry is operating some form of digital platform. A whole generation has grown up accustomed to placing orders online, tracking deliveries in real time, and having all relevant information at their fingertips, available anytime, anywhere.

So why is it that most chemical distributors are still reluctant to embrace the benefits of digitization? Why do they often feel that moving to a digital platform will disrupt their time-tested operational models and bring more chaos and unnecessary expenses than benefits?

Most of the resentment stems from a handful of persistent misconceptions – stubborn myths that endure despite steady advances in digital technology and growing availability of specialized solutions.

Here are a few of the common objections that come up in our discussions with chemical distributors, and some ideas on how chemical distributors can overcome these concerns and move forward with digital commerce as the engine of growth.

## MYTH #1

**Digitization is a threat to established distribution channels:** The world of chemical distribution is built on relationships. Years, or even decades, of carefully honed business connections have helped create a unique level of trust between distributors and their customers.

True, most commercially available market platforms are designed to support direct business-to-consumer transactions, and do not take into account complex relationships between chemical producers, expert distributors, and specialty buyers. But, there is still a way to embrace digital technology without disrupting relationship selling.

The key is to look beyond the one-size-fits-all platform and identify solutions that are purpose-built for the chemical industry. Only a technology provider who understands complex chemical

value chains, the need for demonstrated technical expertise, validation and certification, demands for security and privacy, and the importance of efficiency and transparency, can offer a solution that would help propel the chemical industry into the digital world while preserving the tried-and-true relationships and workflows.

**“We have been a member of an industry-specific digital platform for the past six months and are starting to see the benefits in driving sales growth by finding new customers and connecting with new producers”**

NACD distributor member company



## MYTH #2

**Digitization cuts out distributors:** We have seen this happen in other industries. A new commerce platform comes along and cuts out the middleman – established distributors, retailers, and local representatives find themselves obsolete, having fallen victim to a digital platform that offers a direct connection between a producer and its end customers.

So, it is completely understandable that both chemical distributors and their partners on either end of the supply chain are wary of advances in commerce technology, wondering how their roles and relationships will change if the industry were to go forward with digitization.

The truth is, in the chemical industry, distributors play a vital role in serving customers that producers cannot serve themselves or do so cost-



effectively. They help expand manufacturers' market presence, identify new customers and uses for their products, and provide a number of value-added services and support functions.

In this market, the role of distributors is even more essential than in almost any other industry. The highly specialized and often hazardous nature of chemicals and the need to comply with strict regulations regarding their handling, transport, and storage require advanced technical knowledge and product and process expertise.

Chemical buyers look for precise ingredients and components that meet their exact specifications and quantity requirements. Nobody is better qualified to quickly fill and properly handle these complex orders than a small army of responsible and highly specialized local distributors.

Once again, "generic" online marketplaces pitch the idea of improving efficiency by connecting producers directly to their customers, saving money and simplifying complex supply chains along the way. Some global producers have tried this route, only to discover that not only were they now competing with their own business partners and disrupting established channels and networks, they were responsible for providing all the value-added services and support to their customers without the resources, close connections, or local presence.

As a matter of fact, chemical producers are aiming to push more of their products through distribution partners, who can offer scale, efficiency, and transparency. Being a part of an industry-specific commerce platform allows regional distributors to meet these requirements, as well as

identify opportunities for new partnerships and gain access to new customers.

Nobody would dispute that digitization brings efficiency. A well-designed commerce platform can help extend the company's reach, find new customers, reduce transaction costs, and help gain actionable insights from the mountains of data it collects.

With the right set of features, both producers and customers can still tap into these benefits without losing life-long relationships with their distributors or having to choose between direct and distribution sales channels.



**"A well-designed commerce platform can help extend the company's reach, find new customers, reduce transaction costs, and help gain actionable insights"**

Jay Bhatia  
Founder and CEO, Agilis Chemicals

### MYTH #3

**No matter how much money you spend on technology, you will not get a solution that is tailored to your specific needs:** Designing, building, testing, hosting, updating, and maintaining a custom commerce platform is indeed an expensive proposition. Most chemical companies have neither the resources nor the required expertise to embark on such a venture.

Even large chemical producers often find themselves at a loss when attempting to create and operate their own commerce engines, and at best those end up as online product catalogs, unable to support a complex ecosystem of business partners or end-to-end online transactions.

An off-the-shelf solution from a pure technology company is hardly an ideal solution either. Companies that buy technology hoping to achieve their goals of better transparency and greater operational efficiency often fail because traditional commerce platforms, as we mentioned earlier, are typically not flexible enough to accommodate their workflows and supply chain models.

And, even when these platforms offer attractive features like data analytics, reporting, or AI engines, chemical producers often lack the expertise on how to make them work with their existing systems to deliver any real value.

### FIND A SOLUTION THAT HELPS YOU

A software-as-a-service (SaaS) cloud-based commerce platform that is built and maintained by the chemical industry expert supplier can offer the best return on investment. It can open up a whole world of digital commerce, connecting producers, distributors, and buyers; streamlining operations; and offering access to new markets and customers.

Before you dismiss the idea of a digital platform for your company, we encourage you to explore available options. Technology by itself does not create value. But a well-designed, specialized solution that is built with the chemical industry in mind can help take your company to the next level. ■

In recent years, NACD has offered our association's members the opportunity to attend Duke University's Duke Executive Education programs, including the Duke Leadership, Duke Management, Business Negotiation, Financial Analysis for Non-Financial Leaders, and Communication for Leaders programs. Through the generous support of Datacor, Inc. and LeSaint Logistics, NACD has been able to offer these courses at a discounted rate for all participants. NACD extends its sincere thanks to both Datacor and LeSaint Logistics for recognizing the value of these programs to the chemical distribution industry and for offering their continued support for NACD's education programs.

### Congratulations to all who have completed Duke Executive Education courses!

- Jessica Bernstein, Azelis Americas
- Jimmy Bhesania, Chemsynergy, Inc.
- Caleb Brown, Brainerd Chemical Company, Inc.
- Gregg Johnson, Brainerd Chemical Company, Inc.
- Connor Lilley, Matlack Leasing, LLC
- Frank Parker, ICL Performance Products, LP
- Emily Peck, MicroCare Corporation
- Deneen Rief, Hawkins, Inc.
- Robert Wolford, Azelis Americas

\* Completed November 2018 through June 2019



# Auditing for added value

Environmental auditing can add significant value to a company's bottom line. However, a change of approach and inclusive strategy is needed to realize the opportunities

Elaine Burrigde London

Environmental audits are a fact of life for many businesses, but many companies do not look at them as adding value to their operations. As a result, they are missing out, says Sarah Burton, senior consultant with Kestrel Management, a consultancy and supplier of compliance services based in Madison, Wisconsin.

These audits should not be just about ticking some boxes, she says, but should go much further in delivering value in terms of looking at existing processes to see whether they are as efficient as they could be.

Burton says environment, health, and safety (EHS) compliance audits must accomplish two things – measure a company's status in terms of compliance and give a "reasonable" return on investment (RoI), noting that audit programs can be expensive, taking time and resources, as well as adding extra costs when using a third party.

However, she concedes that staff often look at audits "with disdain," viewing them as "a necessary evil" and something they have to "grin and bear" as part of the job. But, she says, it is possible to flip this attitude around and expect an environmental compliance program to yield some opportunities by making the company's procedures more effective, even using them as a measure of RoI.

## TWO FUNDAMENTAL ISSUES

Burton notes that companies often do not have the necessary "buy-in" from top-level management and, therefore, are missing the opportunity to include EHS in their strategy.

There are two fundamental issues around EHS in any business, she says. First, it depends on where EHS sits within the organizational structure, and second, EHS is not seen as a profit and loss issue.

"When EHS is spread across different parts of the business and each operational area is accountable for the costs, this is when I see more

attention paid to the issues because of the costs associated with them, says Burton. "Shoving EHS costs to the side means companies are failing to see the effects of their operational costs on RoI."

In addition, failure to follow up on audits and a punitive culture are detrimental factors to a successful audit. Often, companies do not have a formal procedure for correcting a failure or it is not raised to a high enough level in the organization to get leaders' attention. Consequently, the incident may get fixed, but there is no real expectation that the company will perform a root-cause analysis to get to the bottom of the underlying problem.

If there is a punitive culture in the company, then not



**"Shoving EHS costs to the side means companies are failing to see the effects of their operational costs on RoI"**

Sarah Burton  
Senior consultant, Kestrel Management

surprisingly, people will be worried that if they report a problem in their area, they will have a hard time as a result. By contrast, if staff are rewarded for facing up to audit failures and implementing improvements, then that can only be a win-win situation.

Burton believes that a positive management philosophy and top-level engagement is critical for successful audits and environmental compliance.

Planning an audit to meet the required objectives is a critical part of the whole process. Kestrel, which has much experience in this regard, will look at the scope of the audit, the frequency, the objectives, how broadly the audit will be applied across the business to get the most value, what the report will look like, and what any corrective actions will look like.

"We need to make sure the plan fits the size



**Audits should not be just about ticking boxes... but should go further in delivering value**

and scope of the organization and its resources and we scale the approach appropriately," explains Burton.

Her advice to companies is to make sure they cement the audit's overarching objective and the expectation that needs to be accomplished upfront. What is the goal? Is it just about measuring compliance? What are the opportunities for improvement? How often should I audit?

Look beyond EHS and at each component of the management system, Burton advises, adding that frequency of an audit should match the risk. "It should be a risk-based decision, even with different operations and different media, such as air or water," she says.

Also, a company can opt to protect its audit findings under State Audit Privilege, an area that Burton says may require legal counsel. Various states in the U.S. have enacted environmental audit privilege and/or penalty immunity laws and companies should scrutinize these laws carefully to distinguish any differences in compliance with minimum federal requirements.

Knowing where your organization stands with respect to environmental compliance is critical for any audit, Burton states. This includes understanding whether or not your responses are being applied in a method that best manages your risk, that you have the right level of resources and employees have the right skills, and that they are functioning in a way that matches your risks.

Regulations change but audits, particularly when conducted correctly, are an invaluable tool and should be an integral part of any company's environmental strategy. As Burton points out, audits are not just a "black box on the side" but when aligned with business strategy, can elevate a company to world-class in terms of efficiency and sustainable practices. ■

# Take control of your inventory

By implementing proven inventory practices, chemical distributors can free up cash and invest in sales for growth, says Marshall Jones of The Distribution Team



Is your warehouse holding too much dead and slow-moving stock?

**John Baker** London

Chemical distributors have traditionally been sales-driven and customer-centric. They are, by and large, owned and run by entrepreneurs and executives who place a firm emphasis on supplier and customer relationships.

But this has meant that the operational side of the business has not taken such a prominent place in management planning and oversight. Distribution companies could be missing out on bottom line performance as a result.

A key area that is often not optimized is inventory management, points out Marshall Jones of The Distribution Team and a speaker at NACD's ChemEdge event this August in Louisville, Kentucky.

"By implementing proven inventory practices throughout the company, and making sure everyone understands their role in inventory management, distributors can save costs and improve profitability," he says.

"What I hope to achieve at ChemEdge is to show the role each person plays in effective inventory management and change their mindset

about inventory. It is, after all, just like a pile of cash sitting in the warehouse. It has to be managed. You can't let stock get old and stale, and you don't want to be holding more of it than you need to meet customers' needs."

One of the main issues, says Jones, is that distributors make a lot of decisions that are good for customers but not the best for inventory management. Typical sins might be having too many similar or even identical products on the shelf and/or holding small volumes of stock for individual customers.

"There are generally a lot of opportunities to do things better," says Jones, "especially in terms of the stock we choose to carry and the number of suppliers we use. My aim is to help ChemEdge delegates find them."

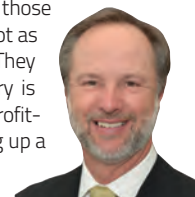
The key, he stresses, is to understand how to calculate metrics that will help determine what is effective and what can be done better. These, he suggests, include parameters such as turnover, "turn and earn," gross margin return on investment (GMROI), fill rates, and service levels.

These can help reveal the hidden costs in pur-

chasing and inventory that determine overall carrying costs for inventory. It's not just the value of goods on the balance sheet that counts – cost of warehouse space, rents, lighting, manpower, and interest on debt all need to be taken into account. These can add 20-25 percent to overall inventory cost and there is, says Jones, "a real imperative to keep them as low as possible".

The key metrics will also allow the determination of levels of dead stock and slow-moving inventory. Companies should then develop and implement a reduction plan for these, says Jones.

To begin with, he explains, purchasers and inventory managers should work with sales managers to determine those customers that are just not as profitable as others. They should ask what inventory is specifically kept for non-profitable customers, thus tying up a lot of cash for little return.



**"There are generally a lot of opportunities to do things better, especially in terms of the stock we choose to carry and the number of suppliers we use"**

Marshall Jones

Senior advisor, The Distribution Team

"It's not always easy but it is a great place to find profitability improvement. Once you have identified the bad customers, you can decide whether to continue to support them, or whether to walk away. It can get sticky, and you need good information on the cost to serve," says Jones.

The chemical distribution sector has definitely been guilty of overstocking in the past, he adds. It holds too many stock-keeping units (SKUs), many of which are not really that important to customers and tend to sit on the shelves and tie up dollars.

"It's a challenge for distributors. People tend to follow the rules to keep sales happy and are not empowered to make change." As companies cycle through assessments of customers and stock keeping, they can achieve sharper and sharper focus and begin to leverage this for sales growth, rather than missing opportunities."

Jones reckons that across the chemical distribution sector, the proportion of dead stock can be as much as 5-10 percent of inventory being held, while slow-moving stock can represent another 20 percent of product in the warehouse.

"Companies could reduce inventory by as much as 15-20 percent and still serve customers effectively, without disrespecting them. Using those savings could result in sales growth of 5-10 percent without having to invest further in the business," Jones concludes. ■



# The PFAS priority

PFAS are a hot topic as regulators debate future legislation as well as problems relating to cleaning up contaminated drinking water. Much more needs to be known about this class of chemicals and their potential impacts on human health and the environment

**Elaine Burridge** London

Concerns around per- and polyfluoroalkyl substances (PFAS) have been rising in recent years. Addressing the effects of this class of chemicals on human health and the environment is now a national priority for the U.S.

PFAS are a class of around 5,000 synthetic chemicals that contain fluorine-carbon bonds and are known to be extremely persistent in the environment and to accumulate in the body. Dubbed the “forever chemicals,” they have been linked to adverse health impacts such as cancer, liver damage, infertility, and thyroid disease, among others.

PFAS have been used in various applications, including nonstick items, stain- and water-resistant fabrics and carpeting, food-contact products, and fire-fighting foams, due to their ability to repel oil and water. People are thus exposed to PFAS through a variety of means, including use of consumer products, consuming food sold in nonstick packaging, and drinking water.

According to the U.S. Environmental Protection Agency (EPA), more than 4,000 PFAS may have been manufactured and used worldwide since the 1940s, and over 600 PFAS are currently active in commerce, based on the most recent Toxic Substances Control Act (TSCA) Inventory.

Although two of the most extensively produced PFAS chemicals – perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) – have been voluntarily phased out and are no longer manufactured in the U.S., they remain persistent in the environment with numerous studies showing a range of associated health problems.

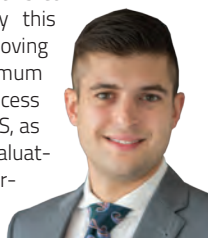
A more recent PFAS formulation, GenX, developed as an alternative to PFOA, is also alleged to pose environmental and human health concerns.

## CONTAMINATED WATER SUPPLIES

One of the current hot topics around PFAS relates to contaminated drinking water. The U.S. military has used aqueous film-forming foams (AFFFs) containing certain PFAS for decades but now communities around military bases are seeing high levels of PFAS in their drinking water, due to

runoff from the use of these foams. According to the Environmental Working Group (EWG), there are more than 100 military sites across the country with known PFAS contamination in drinking water or groundwater.

Having identified PFOA and PFOS as “contaminants of emerging concern,” EPA published an action plan to address this contamination in February this year. Actions include moving forward with the Maximum Contaminant Level process for both PFOA and PFOS, as well as gathering and evaluating information to determine if regulation is



**“It is critically important that chemical-specific information be the foundation for any evaluation [of PFAS]”**

Douglas Leigh  
Senior manager, legislative affairs, NACD

appropriate for a broader class of PFAS.

Proposed regulation would come under various federal programs, including TSCA, the Clean Water Act, and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Additionally, EPA is proposing to monitor drinking water for PFAS along with strengthening enforcement authorities and clarifying cleanup strategies.

This includes designating PFOA and PFOS as hazardous substances, which would make them eligible for the Superfund cleanup program, and developing interim groundwater cleanup recommendations. EPA is also considering adding certain PFAS to the Toxics Release Inventory (TRI), as well as implementing rules to prohibit the use of certain PFAS.

However, NGOs such as Safer Chemicals, Healthy Families and Center for Environmental Health (CEH), along with some Members of Congress, have accused EPA of faltering and dragging its feet.

So, while EPA focuses on its proposals and additional studies, many states across the U.S. have already stepped in and passed their own laws and promulgated their own regulations, especially with regard to prohibiting or restricting the use of PFAS in fire-fighting foams and food contact materials.

States such as Virginia, Georgia, Arizona, Kentucky, New Hampshire, New York, Rhode Island, Colorado, Maine, and Minnesota have prohibited the use of PFAS in fire-fighting foams, while Michigan and Wisconsin are currently considering bans. As could be expected, these rules differ in content and complexity, as well as timing across the various states.

## PFAS PACKAGING BANS

States are also moving to ban PFAS in food packaging. Maine approved a bill in June to eliminate PFAS in this application from 2020. Massachusetts, too, has instigated a ban effective on January 1, 2020. Washington adopted a similar ban on food contact materials last year, which would go into effect on January 1, 2022, although the date hinges on whether or not the state identifies a safer alternative.

Additionally, the City of San Francisco has banned the sale or use of single-use food serviceware made with PFAS chemicals from January 1, 2020. This follows California’s move in November 2017 to add PFOA and PFOS to its Proposition 65 (Prop 65) list of chemicals.

On May 17, 2019, Rep. Debbie Dingell (D-MI) introduced the “Keep Food Containers Safe from PFAS Act of 2019” in the U.S. House of Representatives to ban PFAS in food packaging. If signed into law, this bill would amend the Federal Food, Drug, and Cosmetic Act to deem any PFAS used as a food contact substance to be unsafe and direct the U.S. Food and Drug Administration (FDA) to ban the chemicals’ use from 2022 in items such as packaging, cookware, and food processing equipment.

FDA has studied PFAS contamination in food and water as it continues its surveillance work on exposure. Presenting data at a scientific confer-

Andrew Wheeler, EPA acting administrator, and Cosmo Servidio, EPA regional administrator, announced EPA's PFAS action plan on February 14, outlining enforcement, cleanup strategies, and expansion of environmental monitoring activities



ence in May of this year, FDA said that it had found high levels of PFAS chemical perfluoropentanoic acid (PFPeA) in chocolate cake and chocolate milk.

The levels of PFPeA, which is used in nonstick food wrappers, were 252 times above the EPA's drinking water standard. FDA also detected high levels of PFOS in 10 different kinds of meat and fish.

#### CRITICISM OF SINGLE-CLASS APPROACH

For now, NACD is in "watch-and-wait" mode while it reviews EPA's action plan and the various and differing pieces of legislation. While conceding that PFAS legislation will likely only affect a small number of its members (and likely from a safety perspective), NACD's senior manager, legislative affairs, Douglas Leigh, says the major concern relates to treating an entire class of chemicals as one entity.

"This is a very dangerous precedent. PFAS is a very broad group of chemicals and just the fact they are man-made is a dangerous basis for classification. We want to make sure that any decision is based on sound science."

Both the American Chemistry Council (ACC) and the FluoroCouncil have voiced their criticisms on treating PFAS as a single class of chemistry.

"Taking an overly broad approach to address-

ing PFAS chemistries that lacks a scientific foundation will make it difficult to implement effective regulatory policies that protect public health," ACC toxicologist Kimberley Wise White testified in May 2019 at a Senate Committee on Environment and Public Works.

"While names may sound the same, no two PFAS substances are exactly alike; thus, it is critically important that chemical-specific information be the foundation for any evaluation."

Wise White notes that having previously concluded that a single-class approach was not scientifically credible on another set of chemistries, the National Academies Committee suggested instead using the identification of subclasses based on information like chemical structure, physical and chemical properties, toxicology data, and predicted biologic activity to facilitate decision-making. ACC believes a similar approach should be taken in addressing PFAS.

Commenting on a bill (S.638) sponsored by Senators Tom Carper (D-DE) and Shelly Moore Capito (R-WV), which seeks to designate all PFAS as hazardous substances under CERCLA, the FluoroCouncil says: "A robust body of science clearly shows vast differences among the indi-

vidual PFAS chemistries, and independent peer-reviewed data demonstrate that many PFAS chemistries present no significant risk to human health or the environment."

Seven northeastern states (Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island, and Vermont) also sent a letter on June 10, 2019, to key members of Congress recommending, among other actions, to regulate PFAS as a group rather than as individual substances.

#### DEFENSE SPENDING BILLS

Meanwhile, on June 27, the Senate passed its version of the National Defense Authorization Act (NDAA), a bill that included a PFAS package of amendments championed by Senate Environment and Public Works (EPW) Committee Chairman John Barrasso (R-WY), Ranking Member Tom Carper (D-DE), and Senator Shelley Moore Capito (R-WV). The Senate PFAS package required a wide variety of actions by different federal agencies, but did not include the listing of all PFAS as CERCLA hazardous substances.

Shortly after, on July 12, the House of Representatives passed its version of the NDAA. The House bill contained numerous provisions to address the regulation of PFAS chemicals. The NDAA, which sets policies and funding levels for U.S. defense spending, contains an offer by Representatives Debbie Dingell and Dan Kildee (D-MI) requiring EPA to list all PFAS as hazardous substances under CERCLA.

The latest 2020 version proposes to phase out military use of PFAS in fire-fighting foams by 2025, prohibit the use of PFAS in military food packaging, expand water quality monitoring for PFAS under the Clean Water Act, as well as provide funds for specific studies on PFAS contamination. It also requires the Department of Defense (DOD) to treat PFOA- or PFOS-contaminated water used for agriculture.

However, the Trump administration has threatened to veto the legislation, saying it "strongly objects" to giving DOD the authority to treat water sources or provide replacement water for agricultural purposes. It added that the legislation singles out the department as a single contributor to a national issue at "potentially great cost to and significant impact on DOD's mission." The White House also objected to the Act's requirement to find a fluorine-free fire-fighting foam by 2025.

Now, both versions of the legislation need to be reconciled with a final form sent to President Trump for signing, anticipated in September.

As politicians, NGOs, producers, and industry associations argue about what form PFAS legislation should take, it seems certain the debate will continue. What is not in dispute is that out of the thousands of PFAS still in use, only a small number have been studied and many are still relatively unknown in terms of their impact on human health and the environment. ■



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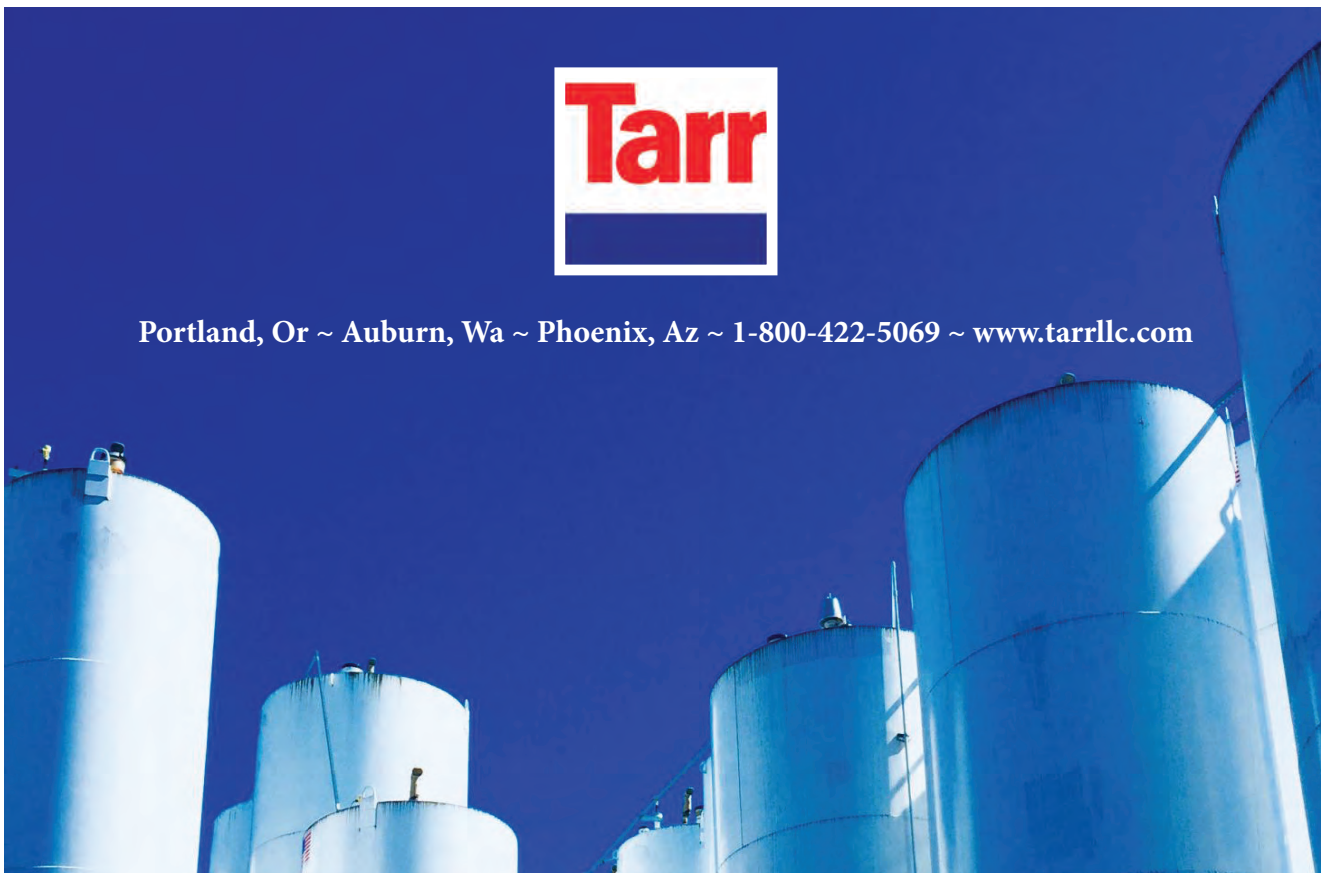
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# IMO 2020 impacts beyond shipping

Limits on sulfur in marine fuels are leading to substantial change and uncertainty in the shipping industry, with cascading effects on crude oil, petrochemicals, and end-use products

**Jeremy Pafford** Houston

As of January 1, 2020, the International Maritime Organization (IMO) is mandating that sulfur content of marine shipping fuels be capped at 0.5 percent. Current marine shipping fuel is capped at 3.5 percent sulfur, so the new so-called "IMO 2020" rule mandates a near 86 percent reduction in sulfur.

Maritime transport is essential to the global economy, as IMO estimates that more than 90 percent of the world's trade is carried by sea. As such, any change to the cost of marine fuels used in the transport of all those feedstocks, intermediates, and end-use products will reverberate in the markets for those cargoes.

ICIS analysts estimate that IMO 2020 will be bullish on upstream crude oil pricing this fall and winter as refiners purchase additional barrels of crude to build inventories of new shipping fuels ahead of the new year.

As crude oil price movements tend to directly correlate with gasoline, jet kerosene, and diesel, market pricing in those fuels could well be bullish too, meaning that whether goods are moved by sea, air, or land, the cost of transporting them is set to go higher.

By 2020, marine shippers will have to choose one of five routes to power their ship movements around the globe:

- Stick with high-sulfur fuel oil (HSFO) and install so-called "scrubbers" on their ships to scrub out the sulfur before it is emitted into the atmosphere
- Switch to low-sulfur fuel oil (LSFO)
- Switch to marine gas oil (MGO), which is lower in sulfur content than HSFO
- Switch to liquefied natural gas (LNG)
- Ignore the rules by using HSFO without scrubber technology and hope that they do not get caught.

Of the five choices, ICIS analysts predict that a little more than half of the world's shippers will switch to MGO, with most of the others opting for LSFO, as it requires the least amount of change in the ship. Both are already more expensive than HSFO, and increased demand for them in the coming months

should be further bullish for their pricing.

A few shippers will go with the HSFO-with-scrubbers route, as installing scrubbers does not come cheaply, and the issue of what to do with the sulfur that is scrubbed out is viewed as an inhibiting factor.

The main way to dispose of the sulfur would be through "open-loop scrubbing," which uses seawater's alkalinity as a neutralising agent to scrub sulfur oxide from engine exhaust – essentially dumping the sulfur into the ocean. Several global ports have already banned the use of open-loop scrubbing and thereby effectively ban ships that use that from operating there.

Not many will go with LNG, as the capital costs to retrofit a ship do not make it practical for most shippers. However, it could be an attractive option for new builds, especially as LNG production is ramping up both in the U.S. and around the globe.

Still, even amid the IMO 2020 mandate, some shippers could chance it and bank on using HSFO without scrubbers, thinking that the cratered demand for HSFO will yield a savings in fuel costs that outweigh the risks of getting caught.

The need to make more low-sulfur fuels advantages those crude oil varieties that already have smaller amounts of sulfur content. That means U.S. crude production is advantaged in that the

vast increase in shale production in the last decade has left the region awash in crudes labeled as "sweet" due to their low-sulfur content.

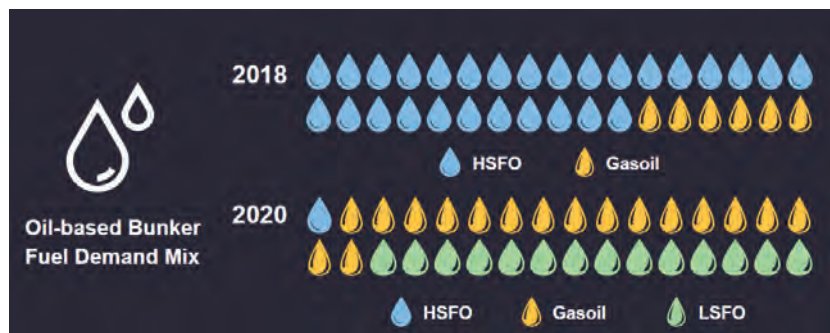
As U.S. refineries have adapted to process those light, sweet grades, they are set up to better handle the increased demand for MGO and LSFO. Better yet, as complex refineries, they are positioned to refine more sulfur-laden "sour" grades should the economics become more attractive for making MGO and LSFO from sour.

Some regions of the world with simple refineries used only to processing sour grades will be challenged to meet the demand for new preferred fuels.

While HSFO prices are expected to fall due to decreased demand, IMO 2020 is not expected to be the death knell for the product. Refiners with extra conversion capacity will be able to access the surplus HSFO supply as an incremental feedstock for their conversion units.

As the costs of moving goods increase not only by sea but also by land and air, those costs will be pushed through the production chain and likely land on consumers in the form of higher end-product prices – provided that global economic growth is healthy. Shippers and petrochemical market participants are keenly reading the economic tea leaves in case 2020 happens to bring more challenges than just the IMO regulations. ■

## IMO 2020: ICIS VIEW OF WHAT SHIPPERS WILL CHOOSE FOR NEXT YEAR





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# Don't overlook the eyewash

Even with the best safety training and procedures, accidents can still happen and it is imperative that eyewash stations are correctly installed and maintained



## Michael Lang NACD

During our 6th cycle verifications, the nonconformity for absent or not maintained or inspected eyewash stations came up more often than expected. Given this, let's explore the importance of properly located and maintained eyewash stations for the health and safety of your employees.

Eye protection in many of our members' work environments is required. Workers wear the appropriate goggles, face shields, and other personal protective equipment (PPE) to protect themselves. But even with the best controls and safety precautions, accidental chemical exposures are still possible. That is why NACD members need to provide the safest work environment possible, complete with communications, training, and physical safeguards.

Eyewash stations are an immediate and on-the-spot method for decontamination, allowing workers to flush away substances that cause injury. Immediate and effective treatment is key to prevent serious injury, particularly within the first 10 seconds.

Responsible Distribution verifiers and advisers often cite the American National Standards Institute

(ANSI) Standard Z358.1-2014 "Emergency Eyewash and Shower Equipment" as a guide. Below are a few basics. More exhaustive information can be found through ANSI and other organizations.

## LOCATION IS CRITICAL

The severity of injury, time of exposure, and number of employees exposed are all considered in determining the number of eyewash stations needed. Since an injured person may not have full use of their vision, ANSI recommends that a person should reach the equipment in no more than 10 seconds – on average 55 feet.

However, since the impacted person may have a heightened physical and/or emotional state in the emergency, the proximity of the eye station is critical. If a highly corrosive chemical is the contaminant, an eyewash station may be needed closer to the work area. Stations need to be identified with clear signage and in a well-lit location.

Areas including hazardous substances dispensing, battery charging, and high dust areas, as well as laboratories and spraying and dipping operations may all require eyewash stations.

Other recommendations say eyewash stations should be located:

- Where workers can easily see them, preferably in a normal traffic pattern, and as close to the hazard as possible.
- Near an emergency exit, so that any responding emergency response personnel can easily reach the person.
- Not separated by a partition from the hazardous work area or on an obstructed path between the workstation and the hazard.
- On the same floor as the hazard.
- In an area where further contamination will not occur.
- With a drainage system for excess water, since this may be considered a hazardous waste and special regulations may apply.
- So they do not come into contact with any electrical equipment that may become a hazard when wet.
- So they are protected from freezing if installed outdoors.

In the event of an injury, the worker should be able to open their eyelids with their hands and still have their eyes in the liquid. There should be enough room to allow the eyelids to be held open with the hands while the eyes and face are still in the stream.

The unit should also be designed so that it can be activated in less than 1 second and remains operational without the operator's hand on the device. Since the nozzles to eyewash stations typically need to be protected from airborne contaminants, the units should



**"NACD members need to provide the safest work environment possible, complete with communications, training, and physical safeguards"**

Mike Lang

Vice president, Responsible Distribution, NACD

be designed so that the removal of these covers does not require a separate motion by the user.

All workers require training and instruction in the proper use of eyewash stations. Written instructions and procedures should be made available to all workers and drills should be conducted on how to find and use the stations properly. Additionally, training should include how to remove a contact lens in an emergency since chemicals can be trapped underneath them.

ANSI protocol requires eyewash stations to be inspected, tested, and the results recorded weekly.

Let's make sure that we are giving our workers the regular and relevant care that they need and deserve. ■



# Setting the agenda

Florida's sun and white sands will welcome NACD members in November for the association's 48th Annual Meeting. The program has much to offer all delegates



The JW Marriott Marco Island Beach Resort once again hosts the NACD Annual Meeting

**Andy Brice** London

Overlooking a sun-drenched beachfront on the Gulf of Mexico, the recently renovated JW Marriott Marco Island Beach Resort certainly promises a warm reception for the 700 or so attendees heading to NACD's Annual Meeting this November.

A stone's throw from Naples and the Everglades, the venue played host to the event a few years ago and proved popular, so its selection once again will be most welcome. Member companies will have ample opportunity over the four-day meeting to discover the latest issues affecting the chemical distribution sector and gain valuable insight into how best to adapt to the ever-changing regulatory, legislative and economic environment.

"Trusted Value" is the overarching theme this year, epitomizing the ethos of the association,

says Kurt Hettinga, NACD Annual Meeting chairman and president of Superior Oil.

"We thought long and hard about what the theme should be and both those words came up frequently," he says. "They perfectly reflect the value proposition that NACD brings to our membership and how we're continuously seeking to improve - from our advocacy efforts and legislative successes in Washington DC, to the support and resources we provide to our members."

"The theme will come across very clearly throughout our program. I want this event to really show the value offered by NACD. It's time well spent, it's a quality experience and there is a lot of information to be gained from coming to the meeting," adds Hettinga.

"We've planned a fantastic line up of speakers and presenters. We're going to be hearing about the economy, the customer service culture, and

have several different sessions related to the political environment, all of which are very important to our members right now."

The agenda is now finalized and registration is officially open. Yet while the venue and format may be familiar to those attending, the NACD team is determined to make this year's event one to remember. Of course, there will be the usual blend of seminars and socials but there are a few new additions too.

"We always want to build on this winning formula and provide great content that covers a combination of business, leadership, economics, and politics," adds Matt Glaser, NACD vice president, education and strategic programs.

"We've decided not to run the smaller breakout sessions this year and have instead added even more, large keynote presentations. This will bring everybody together rather than having to make a

choice between competing sessions."

There will be no doubt be many familiar faces heading to Florida this year, but plenty of new ones are expected too. "We're pleased that we continue to see many new faces at our events," says Glaser.

"Those who have been with the association for decades see the value of being an NACD member and coming to the Annual Meeting and many of them are grooming these new rising leaders within their companies, encouraging them to develop the same relationships that they have made over the years to ensure there is continuity moving forward."

The latest graduates from the Emerging Leaders Program will be introduced at the meeting and another class will begin forming. The initiative was launched in 2012 to cultivate the next generation of talent and help them develop the required leadership skills and build longstanding relationships within the industry. It has proven overwhelmingly popular and the fact that many of the candidates involved since the inaugural class have become regulars to NACD events is a testament to its success.

The meeting kicks off on the Tuesday morning with American Football broadcaster, commentator, and analyst Jimmy Johnson officially opening proceedings. A winner of multiple Super Bowls as head coach of the Dallas Cowboys, Johnson knows what it takes to come out on top and build a successful team.

During his speech, he will share his views on how to come up with a winning formula and examine the correlation between a highly competitive team sport and the corporate world.

"Jimmy Johnson has seen it from both sides – from managing a team that's going for success to analyzing how others are doing it," says Glaser. "He'll be sharing his experiences from football and coaching, and talk about focus and visualization, goal setting, strategy, and having the right mindset. He'll be looking at the many aspects of the sport, and how building a successful business is just like building a successful team."

Engaging with customers and offering support, understanding, and value is clearly a critical part of the distribution business, so Jason Young's keynote presentation is likely to be equally well-attended.

Having worked as a senior manager at Southwest Air-



**"We always want to... provide great content that covers a combination of business, leadership, economics, and politics"**

Matt Glaser

NACD vice president, education and strategic programs



**Jimmy Johnson, football coach and broadcaster, will open the proceedings in Marco Island**

lines, he knows first-hand just how important it is to nurture a customer service culture and boost employee satisfaction. As president of LeadSmart, Inc., Young will explain how best to achieve success through excellent customer service and succeed in an increasingly competitive industry.

Transportation also remains a hot topic, particularly with the ongoing driver shortage, so James Keeler, vice president, sales & marketing at Logistics Management Resources, Inc., returns to the program this year. He will moderate a panel of experts to talk about the various issues facing logistics providers, and expand the scope of the debate beyond trucking to cover the rail and barge sector too.

Also back by popular demand, ITR Economics' senior analyst Brian Beaulieu will once again share his views on the state of the U.S. economy and what to expect in the years ahead. In his session titled "Using 2020 To Your Advantage", Beaulieu will reflect on industry trends, interest rates, and inflation, and look at the likely effects on chemical distribution and what it means for business owners moving forward.

Following in the footsteps of The Cook Political Report's David Wasserman who presented last year, national editor Amy Walter will be sharing her views on the prospect of arguably one of the most exciting political races for years in the lead up to the 2020 election. With the audience invited to pose questions from the floor too, this should be a particularly enlightening session, says Glaser.

"This really is an exciting time for politics and it's great for us to have a speaker like Amy," he says. "It will be almost a year to the day before the national elections so she'll have a lot of insight as to how things are playing out."

Asa Hutchinson, the incumbent Governor of Arkansas, is headlining the luncheon on Thursday, drawing the event to a close and offering his opinions on what to expect on the Hill in the

months ahead too.

Having held senior positions in past administrations, as a U.S. Drug Enforcement Administration (DEA) administrator and also the first Undersecretary for Border & Transportation Security at the U.S. Department of Homeland Security, he is uniquely positioned to offer some fascinating views on politics and the inner workings of government.

"Asa's extensive knowledge of security will be of great interest to our membership but he's also been heavily involved in tax and infrastructure, so I think everyone will be on the edge of their seats wanting to hear his thoughts on all those areas," adds Glaser.

As ever, between presentations, the Marketplace Expo will be a great place for people to congregate and meet the various product and service providers at their stands.

The expansive venue provides plenty of space for networking opportunities, while NACD's team is also hosting various social events including regional receptions, a cookery competition, fishing in the mangroves, sunrise yoga



**"We're particularly excited about this year's event and think everyone will come away... having learned something"**

Kurt Hettinga

NACD Annual Meeting chairman and president of Superior Oil

and the always-popular golf tournament.

There will even be time for a chance encounter with the local wildlife with the optional Everglades airboat excursion, as well as the opportunity to help the local community by volunteering with the Food Angels charity to fill backpacks with supplies for homeless students.

"We're particularly excited about this year's event and think everyone will come away from these sessions having learned something," notes Hettinga. "This is a great chance to connect and network, which is very rare these days, particularly within such a widespread industry."

"There will be plenty of opportunities for meetings with partners and suppliers, and time to unwind with some great optional activities. This is the event of the year – and when it ends, we want everyone to be looking forward to the next one." ■

**The 2019 Annual Meeting will be held in Marco Island, Florida, from November 11-14. For more information about the event and to secure your place, visit <https://www.nacd.com/education-meetings/meetings/annual-meeting/2019-annual-meeting/>**



## THANKS TO OUR PAC CONTRIBUTORS

The following individuals recently contributed to the Responsible Distribution PAC. Thanks for your support!

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Bedford Specialty Sales, Inc.  
**Douglas Brown**  
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**Paul Cochran**  
Bonded Chemicals, Inc., a Chemgroup Co.  
**Mark Fisher**  
Univar Solutions  
**Barrett Fisher**  
Van Horn, Metz & Co., Inc.  
**Stephen Halpin**  
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**Terry Hill**  
Maroon Group, LLC  
**Tamra Polen**  
EMCO Chemical Distributors, Inc.

**Edward Polen**  
EMCO Chemical Distributors, Inc.  
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**Julie Vanbrunt**  
Lintech International  
**William Whitcher**  
Viking Chemical Company  
**Shawn Wiram**  
Brenntag North America, Inc.  
\* As of June 30, 2019



In the second quarter of 2019, NACD is pleased to announce the following members have passed the 6th cycle (2017-2019) on-site Responsible Distribution verification.

### DISTRIBUTOR MEMBERS

■ Brenntag North America, Inc.  
■ Custom Chemical Formulators, Inc.  
■ Custom Chemical Services, LLC  
■ LA Chemicals, Ltd.  
■ Melrob US, Inc.  
■ Quaker City Chemicals, Inc.

■ Soltex, Inc.  
■ The C.I. Thornburg Co., Inc.

### CHEMICAL HANDLER AFFILIATES

■ Chicagoland Quad Cities Express, Inc.  
■ Southwest Terminals, LLC



# New members and Affiliates

NACD welcomes the following companies as members and Affiliates

## Chemical Distributor Members

### FOSTER CORPORATION

45 Ridge Road  
Putnam, CT 06260

**Tel:** (860) 928-4102

**Primary Contact:** Greg Bagnoli, director distribution

**Email:** gbagnoli@fostercomp.com

**Primary Code Coordinator:** Greg Bagnoli

## Chemical Producer Affiliates

### COLONIAL CHEMICAL, INC.

225 Colonial Drive  
South Pittsburg, TN 37380

**Tel:** (423) 837-8800

**Primary Contact:** David Anderson, vice president of sales and marketing

**Email:** david.anderson@colonialchem.com

### HONEYWELL ADDITIVES AND CHEMICALS

115 Tabor Road  
Morris Plains, NJ 07950

**Tel:** (973) 455-2086

**Primary Contact:** Carlene Clark, global channel manager

**Email:** carlene.clark@honeywell.com

### SEARLES VALLEY MINERALS

9401 Indian Creek Parkway  
Suite 1000

Overland Park, KS 66210

**Tel:** (913) 344-950

**Primary Contact:** Pamela Ford, vice president, sales and marketing

**Email:** fordpsvminerals.com

## Chemical Handler Affiliates

### ELLIOTT TRUCK LINE

P.O. Box 1

532 South Wilson Street

Vinita, OK 74301

**Tel:** (918) 256-5534

**Primary Contact:** Dondi Yeagin, terminal manager

**Email:** dyeagin@elliotttruckline.com

**Primary Code Coordinator:** Dondi Yeagin

### QUALITY CARRIERS

1208 East Kennedy Boulevard  
Suite 132

Tampa, FL 33602

**Tel:** (803) 569-7191

**Primary Contact:** Randall T. Strutz, president

**Email:** rstrutz@qualitydistribution.com

**Primary Code Coordinator:** Randall T. Strutz

## Service Provider Affiliates

### RPM

301 W. 4th Street  
Suite 200

Royal Oak, MI 48067

**Tel:** (248) 414-1816

**Primary Contact:** Jacob Robert McLeod, chief commercial officer

**Email:** jmcLeod@loadrpm.com

### R & S DELIVERED, LLC

2663 Sutton Boulevard  
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Seventh-grader  
**Anurag Sodhi** of Maryland  
takes home the title of  
*You Be The Chemist* champion.



## National *You Be The Chemist* Challenge Winner Announced

By Megan Honour, CEF

The Chemical Educational Foundation (CEF) last month hosted its 15<sup>th</sup> annual National *You Be The Chemist* Challenge® in Washington, DC. CEF, a nonprofit organization dedicated to inspiring students to pursue chemistry and STEM-related learning and careers, welcomed 42 students to compete onstage at the Omni Shoreham Hotel in a quiz-bowl style chemistry competition hosted by Dr. Calvin Emanuel of Shell Chemical LP.

Each of the participants won at the state level before advancing to the national level. Anurag Sodhi, a seventh-grader

from Ellicott City, MD, answered 66 questions over the course of nine intense rounds. He entered a single-elimination tiebreaker round when he and Yuvan Chali, an eighth-grader from Franterac, MO, remained tied at the end of the championship round.

Both participants answered seven tiebreaker questions correctly before Anurag secured his spot as the National *You Be The Chemist* champion on the eighth question.

"It's incredibly exciting to watch these kids compete

onstage. They have worked so hard to make it here, and seeing them experience the intensity and thrill of the National Challenge in real time is fun for everyone involved," said CEF Executive Director Dwayne Sattler. "One of the most unique things about this event is that it brings together so many of the people rooting for these participants in one place – parents, teachers, volunteers, and industry sponsors and supporters who know that these kids are the future of their workplaces."

The top 4 winners received scholarship checks to be used



## Thank you to NACD for their support and sponsorship of the National Challenge!



Nicole Domingues of Houston, TX won the 2019 Community Champion Award, presented to an individual who has made an exceptional difference in their community through the science of chemistry.

for higher education later in their academic careers:

- **1<sup>ST</sup> PLACE: Anurag Sodhi**  
7th grade, Ellicott City, MD  
\$12,000 scholarship
- **2<sup>ND</sup> PLACE: Yuwan Chali**  
8th grade, Franterac, MO  
\$6,000 scholarship
- **3<sup>RD</sup> PLACE: Jiarui Peng**  
7th grade, Niantic, CT  
\$3,000 scholarship
- **4<sup>TH</sup> PLACE: Daniel Kaganovich**  
8th grade, San Jose, CA  
\$1,500 scholarship

CEF's *You Be The Chemist* programs are designed to inspire students, engage

educators, and strengthen communities to build a better world through the science of chemistry. Last year, *You Be The Chemist* reached more than 650,000 students across the country.

More information about the National Challenge can be found at [www.chemed.org](http://www.chemed.org).





## Insight onsite

Vincent Casalino of Seeler Industries explains that the company implements Responsible Distribution in close combination with its ISO 9001 Quality Management system to ensure it gets the best results



**Jane Gibson** London

Managing and implementing change throughout the system is key to keeping up with Responsible Distribution requirements, according to Vincent Casalino, vice president of strategic growth and regulatory affairs at Seeler Industries, Inc.

Casalino has experienced three cycles of Responsible Distribution as Code Coordinator. Making sure his company is in line with a number of regulatory systems is a key part of his role as head of regulatory affairs and compliance.

"We operate Responsible Distribution next to the ISO 9001 Quality Management system, so we reference the ISO plan quite a lot when we are looking to comply with Responsible Distribution. We cross-link the information we have with both ISO 9001 and Responsible Distribution, so I work in cooperation closely and carefully with the quality manager at our company."

Casalino says he has weekly operations meetings on Responsible Distribution and ISO to identify ways forward. "We focus on any nonconformities and also corrective actions within the company – that all forms a part of continuous improvement in our procedures. It all falls into the management of change, be that from a new regulation or a change coming from a customer. It all needs to be documented in the Responsible Distribution and ISO systems."

Over the years, Seeler has drawn in outside expertise to help with its ISO and Responsible Distribution systems. "We have quite a juggling act and so we engaged quality and regulatory consultants. And we have also used the NACD Mentor too." Casalino also finds attending ChemEdge and other training sessions to be very beneficial.

In terms of specific codes, Casalino says that one of the more difficult ones to succeed with is Code XIII – Security. NACD added Responsible Distribution Code XIII at the start of the fifth cycle in 2014. It obliges members to review their security efforts (including cyber, which is becoming more of a focus).

The requirements apply to all NACD distributor members and Chemical Handler Affiliates, including those who do not have Chemical Facility Anti-Terrorism Standards (CFATS)-regulated facilities. CFATS identifies and regulates high-risk chemical facilities to ensure they have security measures in place to reduce the risks associated with chemicals.

Casalino says the U.S. Department of Homeland Security (DHS) is completely on board with the views that the industry shares on CFATS and sees the relationship as more of a joint venture. However, he admits the addition of the security code in the fifth cycle of Responsible Distribution was a big jump in terms of recording compliance.

"We are a DHS-regulated facility," says Casalino. "So we need to comply with CFATS as well as the security element of Responsible Distribution. The hard part is giving out as much information as necessary to comply but without divulging the information you are not allowed to divulge."

### COMMUNITY OUTREACH REQUIREMENT

Another code which can be hard to comply with is Code VIII – Community Outreach. "Sometimes this can be tricky. But we work hard with the local authorities to achieve this and hold mock training sessions, drills, and other activities. It is important to ensure that our employees and the community are safe."

Casalino measures success within Responsible Distribution as a decrease in nonconformities during a Responsible Distribution verification. "We have been able to maintain a high standard here. We tend to not have many nonconformities, just recommendations that are welcomed and appreciated."

An important factor in achieving this is having total management buy-in, both in terms of time and money. It is also important to communicate and introduce all new procedures throughout the company. There are around 70 employees at Seeler and weekly operations meetings include 10 managers who filter down information to the employees. Any training is logged for ISO compliance and

the company can also reference it in the Responsible Distribution plan.

One improvement to Responsible Distribution verification that Casalino would like to see is the ability to combine Responsible Distribution and ISO systems. "It would be good to tailor [this] so we don't have to repeat work and enter information into two different systems. Find a way to entwine them with a bit more structure."

Next year, Casalino says, the company is looking to focus on the product stewardship program. Code IX – Product Stewardship, is a process to qualify customers as prescribed by governmental regulations. Member companies should work with stakeholders to foster appropriate dissemination of information on the safe use, secure handling, and proper disposal of products commensurate with product risk.

"We want to make sure we are complying with government regulation here as well as the NACD Code of Management Practice. We are looking to expand our product portfolio and so we need to be sure that we have studied all the hazards."

Casalino is confident the company will have continued success within the program. "The Responsible Distribution program is hard to keep absolutely perfect," says Casalino. "We might have to approach some Codes differently than other companies. But as time goes by and you pass through the cycles, you become more familiar with the Codes and know what the verifiers are looking for." ■

NACD often highlights the efforts of its members and their positive contribution to the industry – and this is your chance to share your achievements, thoughts and experiences. Each issue, this will be your forum. We want to hear about your experiences as a code coordinator. If you or one of your colleagues would like to be featured in the next edition of Chemical Distributor, please email **Matt McKinney** at [mmckinney@nacd.com](mailto:mmckinney@nacd.com).

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