

CHEMICAL DISTRIBUTOR

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Advocacy tops the agenda

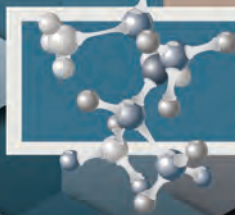


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Chemical Distributors



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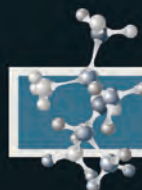


The Chemical Company fosters a love of chemistry through community outreach and public education programs while giving back to the chemical industry at large.

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Global Bonds in Chemistry

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Upcoming Events

For more details, go to www.nacd.com/calendar/

March 10, 2020

NACD Spring Regulatory Workshop – International Trade for Chemical Distributors, Renaissance Long Beach Hotel, Long Beach, CA

March 11-12, 2020

NACD Spring Responsible Distribution Workshop, Renaissance Long Beach Hotel, Long Beach, CA

April 22-25, 2020

Western Region Meeting, Mauna Lani Bay Resort, Kohala Coast, HI

May 20-21, 2020

Washington Fly-In, Capital Hilton, Washington, DC

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Welcome

State activity is on the rise

As we kick off the New Year, a lot is happening on both the policy front and within the business community. Notwithstanding the major distraction caused by the impeachment hearings and the impending election cycle, Washington is not expected to get a lot done in the coming months.

One good thing that has happened is ratification of the U.S.-Mexico-Canada trade agreement, which will benefit chemical distributors by providing certainty in North American markets. The "Phase One" U.S.-China deal is also providing hope that cooler heads will prevail in the trade discussions. However, there are still many issues that Congress must address in the near term, especially reauthorization of the Chemical Facility Anti-Terrorism Standards (CFATS).

Maybe because of the lack of action in Washington, we are seeing a concerning increase in legislative activity at the state level. Several states have proposals in the works that would ban ethylene oxide (EO) to various degrees, which would negatively impact the supply chain since EO is a foundational chemical used in the creation of many other chemical products.

Additionally, some states are looking at redefining who classifies as an independent contractor, potentially upending the logistics sector since some truck drivers would no longer be considered independent contractors. Given this increase in state activity, NACD is strengthening our state advocacy efforts to ensure smart, science-based policies are put in place that enable chemical distributors to thrive.

Outside of policy issues, distributors continue to see opportunities for growth and expansion at their companies. Continued low interest rates, cheap feedstocks, and a growing economy all bode well for distributors to remain economic engines for the foreseeable future. And despite the potential lapse in the CFATS program, distributors remain focused on ensuring the highest levels of security at their facilities to safeguard the products they have on site against bad actors.

2020 is already shaping up to be a busy year for the chemical distribution industry, even if Washington is predictably grinding to a halt.



ERIC R. BYER

President, NACD
@ebyerNACD



AIC AGREES DEAL TO DISTRIBUTE EVONIK'S ALKOXIDES IN THE U.S.

American International Chemical, a subsidiary of LBB Specialties, has entered into an exclusive distribution agreement with Evonik for alkoxydes in the U.S. pharmaceutical and nutrition markets. "AIC has primarily been involved in supplying excipients and active pharmaceutical ingredients to the finish dosage formulation side of the nutritional and pharmaceutical markets," says AIC president Darren J. Birkelbach. "The distributor agreement for this product line allows us to expand our sales and marketing coverage into the preclinical, early phase development, and API production that support these industries."

ORKLA HEALTH APPOINTS PALMER HOLLAND AS DISTRIBUTION PARTNER

ORKLA Health and Palmer Holland have entered into an exclusive distribution agreement focused on the food & beverage, nutraceutical, and dietary supplement markets in the U.S. and Canada. Palmer Holland will distribute Orkla Health premium quality purified Omega 3 oil, obtained from the fresh livers of cod fish, for a range of applications.

OMYA ANNOUNCES PRICE INCREASE FOR CALCIUM CARBONATE

Omya has raised prices for its calcium carbonate products in the U.S. and Canada by 8%, effective January 1, 2020 or as contracts allow. The increase is due to the rising cost of raw materials, chemicals, energy, labor, transportation, and general inflation seen across the region.

UNIVAR SOLUTIONS APPOINTS NEW EXECUTIVE VICE PRESIDENT

Univar Solutions Inc. has appointed Nicholas W. Alexos as executive vice president and chief financial officer, effective January 6. He succeeds Carl J. Lukach, who will transition into the role of executive vice president of corporate develop-

BRENNTAG NORTH AMERICA OPENS NEW FACILITY IN PENNSYLVANIA

Brenntag North America, Inc., has announced the grand opening of its new coatings & construction technology & innovation center in Allentown, PA. The new site will further support customers in the U.S. and Canada who face coatings and construction formulation opportunities with technical solutions and inventive ideas. The center is the latest addition to Brenntag North America's technology & innovation hub, which also includes centers for the food & nutrition and personal care industries. The new center is fully equipped to handle the industry's latest formulation challenges and new application development in the adhesives, coatings, construction, elastomers, and sealants market segments. It will provide raw material evaluations, product performance testing, and physical, subjective, and visual testing. The new center is headed by Robert Souerwine, technical director of coatings & construction.



ment. Alexos joins Univar Solutions after serving as executive vice president, chief financial officer, and chief administrative officer at Dentsply Sirona, Inc. Previously he served as a managing director of Madison Dearborn Partners, LLC.

NEW TECHNICAL MARKETING DIRECTOR STARTS AT CHARKIT

Kruti Shah has joined Charkit as technical marketing director. She will report to Panos Yannopoulos, executive vice president of sales. Her role will be to develop a strategic business plan to achieve profitable growth within Charkit's personal care business. As part of her new responsibilities, Shah will

identify and recruit new suppliers. She will partner with the personal care team on sales calls to identify new opportunities and support Charkit's customers with technical expertise, making recommendations for formulation challenges.

SEA-LAND CHEMICAL ANNOUNCES SEVERAL NEW JOB ROLES

Sea-Land Chemical Company has hired Brian Bundy as business development manager for the West Coast region of the U.S. and Western Canada. Bundy brings over 13 years of experience in the chemical distribution business, previously serving as a customer focused account manager and operations

support for Silver Fern Chemical, Inc. and Neuchem, Inc. in the Pacific Northwest. Meanwhile, Buck Evans has been promoted to account manager. He is joining the outside sales team as an account manager for customers in the Great Lakes region in the U.S., after 10 years as an inside sales representative. Kirsten Knavel is now an inside sales representative, focusing on the Great Lakes and mid-Central region. Alexes Morgan has taken the role of technical specialist, having been part of the sales team for the past five years. She will join forces with Ted McClure, technical resources manager, to expand the technical team and provide additional support for customers, principal suppliers, and sales team.

IMCD CONTINUES TO GROW THE BUSINESS THROUGH ACQUISITIONS

IMCD has completed the integration of HORN into its IMCD US operations. HORN was acquired by IMCD in August 2018 and its integration completes the company's transition into one IMCD US organization with dedicated market focus. "With the full integration of HORN, IMCD has created an industry-leading distribution channel, well-positioned for further growth in the U.S.," said Marcus Jordan, president, IMCD Americas. IMCD has also acquired 100% of the outstanding shares of the Colombia-based ingredient distributor, Unired Químicas SAS. With an office in Bogota, Colombia, Unired distributes specialty chemicals and ingredients to the pharmaceutical, food, and personal care markets. In 2018, Unired generated a revenue of \$8m and has approximately 15 employees. The company is expected to be fully integrated with IMCD this year.

BULKMATIC AND BULK FR8 ENTER JV AGREEMENT

Dry bulk transporter, Bulkmatic, and Bulk FR8 LLC, a specialist in liquid bulk logistics and freight management, are forming a joint

venture to provide nationwide truckload capacity solutions for dry bulk shippers. The new company, Dry Bulk FR8, combines their expertise in pneumatic tank truck management and brokerage, improving shippers' ability to handle dry bulk supply chain challenges, and provide access to capacity from a large base of tank truck carriers capable of handling dry bulk loads. Dry Bulk FR8 is headquartered at Bulkmatic's newly-renovated corporate office in Griffith, IN. Bulk FR8's employees have relocated from Seattle to the new company's location.

AZELIS INCREASES ITS PRESENCE IN LATIN AMERICA AND INDIA

Azelis has completed the acquisition of Megafarma, a specialty chemicals and food ingredient distributor in Mexico. It is headquartered in Mexico City with two additional facilities in Guadalajara and Monterrey. The deal ushers in Azelis' expansion into the Latin America region, enabling Azelis to gain a strong position in the pharma and food segments in Mexico, as well as build into other market segments, such as plastics, foam, CASE, personal care, and household & industrial cleaning. Azelis has also announced it will acquire 100% of the distribution and Indent business of S. Zhaveri Pharmakem Pvt. Ltd., headquartered in Mumbai, India. The acquisition significantly increases Azelis India's presence and gives it a significant footprint in the fast-growing Indian pharmaceutical market. Meanwhile, Azelis appointed Dr. Heli Kilpala as its first group strategy & digitalization director, responsible for strategy and change, focusing on processes and digital innovation. He will report directly to the CEO, Hans Joachim Müller.

MICROCARE SHOWCASES ITS CLEANING SOLUTIONS AND HOSTS LIVE DEMOS

MicroCare Corporation, a global manufacturer of critical cleaning, coating, and debinding products, will put the spotlight on sustaina-

ble cleaning and finishing solutions that help to improve the metal injection molding process when it exhibits at MIM 2020 in Irvine, CA on March 2-4. MicroCare will present its debinding and cleaning products, which have been developed to not only debind and clean effectively but in an economically and environmentally sound way. It also recently hosted live critical cleaning demonstrations at IPC APEX EXPO in San Diego in February, its team presenting the latest advancements in benchtop and vapor degreasing cleaning. Last December, it hosted a full-day reliability-focused event at the SMTA Silicon Valley Expo & Tech Forum in San Jose, where MicroCare technical consultant, John Hoffman, explained how electronics cleaning can be an important tool for enhancing reliability.

THE CDN APPOINTS NEW EXECUTIVE DIRECTOR TO MANAGE ORGANIZATION

The Chemical Distribution Network (CDN) has appointed Tom Wolk as executive director to manage the strategic and day-to-day activities of the organization. He has 36 years of chemical distribution experience having held sales, sales management, general management, director, and vice president roles while working with CHEM-CENTRAL and Univar Solutions. More recently, he was the regional vice president for Univar Solution's LCD business in the East out of Atlanta, GA. "For the last 19 years, CDN has successfully combined

the strengths and capabilities of our 18 member companies to deliver exceptional and sustainable value for our partners, domestic and abroad," he said. "CDN has a strategic vision of continued growth and collaboration. By utilizing a broad base of assets, capabilities, and resources across our 45 facilities, our vision is being met. I look forward to the opportunity to work across the network driving significant value for our customers and supplier partners."

MAROON GROUP ADDS TO ITS TEAM AND EXPANDS WITH NEW LA OFFICE

Maroon Group has appointed Chris Lupica (pictured) as vice president, principal management. He will work alongside the existing principal managers and the leadership team to help expand the portfolio of specialty chemicals and ingredients across North America. He has previously held a number of customer-facing roles with Americhem, Dow Chemical, and Chem-Point, working across a broad range of end markets, and gaining an understanding of the dynamics of global sourcing. The business has also made several other role changes across its business. Natalie Palagonia has joined its Southern California sales team, Karen Beaton has been promoted to customer service manager, Avon, supporting Maroon Group's CASE and plastics verticals, and Melissa McLemore has transitioned into an expanded role as warehouse supervisor,



Avon. Crystal Rampaul, meanwhile, has taken the position of account manager covering CARE customers in the Midwest. Andrew Kubitschek, who has been with Maroon Group serving CASE customers on the East Coast for the past four years, has relocated to Minneapolis and will be responsible for CASE Midwest accounts in Minnesota and Wisconsin. Maroon Group is proud to announce Dustin Beavis has become its new operations manager for its Avon, OH facility, supporting its CASE & plastics vertical. Beavis joined the business last August as an operations specialist and brought over three years of experience while working for both DHL Supply Chain and PEPSCI CO. Separately, the company has opened a West Coast office in Los Angeles, CA to support its legacy customers and commercial teams on the West Coast.

HACROS CHEMICALS PROMOTES MARK HAMILTON TO CEO

Effective January 1, Mark Hamilton has been promoted to the CEO of Harcros Chemicals, Inc., succeeding Kevin Mirner. Hamilton joined Harcros several years ago as the vice president and general manager of Harcros Organics. In mid-2018, he was promoted to COO, his responsibilities expanding to include the distribution business.

Mirner decided to step aside from the day-to-day management of the company and resigned his position as CEO. He will continue to serve on the Board of Directors as well as maintaining his role of overseeing Harcros' activities in India.



IN MEMORIAM

LEE KAPLAN – TEXTILE CHEMICAL, BRENNTAG NORTHEAST

■ One of NACD's founding members, Leon "Lee" Kaplan, born October 7, 1919, passed away on December 5, 2019 in Boca Raton, FL. Lee was born and raised in Philadelphia to parents who had emigrated from Eastern Europe at the beginning of the century. He attended Temple University after serving in the U.S. Army during World War Two, and then began a career as an accountant.

In the mid-1960s, he became the president of Textile Chemical Company, which today is known as Brenntag Northeast, Inc. of Reading, PA. Lee was instrumental in the initial growth of Brenntag across North America, mentoring many current Brenntag employees who began their careers under his leadership. He retired in 1990 and spent most of his retirement years in Boca Raton with his wife, May.

GENE MCDONALD – MONSON COMPANIES

■ NACD Distributor of the Year, Eugene "Gene" McDonald, passed away in his home December 14, 2019. Born in 1943 in Bronx, New York, Gene graduated from SUNY Maritime College in 1964. He first worked for the U.S. Navy and at an Atomic Energy Commission laboratory.

After 20 years with Monsanto, Gene took a position with Church and Dwight Co. as director of chemical sales and then general manager of specialty chemicals. In the early 1990s, he joined Koda Enterprises, a private equity group. There, he performed as president and CEO of chemical distribution company Monson Companies, Inc. and as president of Koda Distribution, Inc.

While president and CEO at Monson, Gene was also an active member of NACD. He served on the Responsible Distribution Process Committee and received the 1997 Distributor of the Year award.

BYRON CONGER TARR – TARR LLC

■ Byron Tarr, 87, passed away in his home November 23, 2019. Byron and his twin brother, Ron, were born in Klamath Falls, OR, to Frank and Pansy Tarr. He graduated from the University of Oregon and became a lifelong Duck fan.

Byron began his career at Standard Oil in Coos Bay, OR. In 1972, he left Standard and purchased a small Portland petroleum company, Priestly Oil & Chemical. By the mid-1980s, under a new name, Tarr Inc. had expanded its facilities to include Seattle, WA, and Phoenix, AZ. In 1982, his son, Skip, joined the business and currently owns and operates Tarr LLC. In 2012, under Skip's leadership, Tarr LLC was awarded the Responsible Distribution Excellence Award by NACD.



CHUCK KELLOGG – HUBBARD-HALL

■ NACD Lifetime Achievement Award recipient, Charles "Chuck" Kellogg, passed away on November 20, 2019, aged 88. Chuck was born in Waterbury, CT, on November 23, 1931, and lived in the area all his life.

He graduated from Princeton University in 1953, after which he served in the U.S. Army in Germany as an officer during the Korean War. Upon earning his MBA from Columbia University in 1957, Chuck joined Hubbard-Hall as a fifth-generation family member. His leadership roles included president, CEO, and treasurer. For the last five years, Chuck served as chairman and CFO until his daughter, Molly, became chairman last year.

Chuck was deeply dedicated to charitable activities and public service. He served on numerous boards of directors, including many in the Waterbury area. For over 40 years, Chuck also was an ardent supporter of NACD, serving on numerous committees, as treasurer in the Northeast Region, and on the Board of Directors.

He won many awards for his business expertise and volunteer service, receiving the Malcolm Baldrige Community award in 2006 for outstanding service. He was named Distributor of the Year by NACD in 1996 and received NACD's Lifetime Achievement Award in 2015. He also served as the association's chairman from 1982-1983. Chuck was instrumental in the early formation of the NACD Educational Foundation, now known as the Chemical Educational Foundation.

In lieu of flowers, the family has requested donations to the Chemical Educational Foundation in his memory.



THE VIEW FROM WASHINGTON

NACD VERSUS THE ELECTION-YEAR LEGISLATIVE CALENDAR

With seemingly years' worth of political action happening in just a few weeks' time, the new decade has started fast and shows no signs of slowing down

Doug Leigh & Jack Detiveaux
Washington DC

Between the impeachment proceedings, international tensions with Iran, the Chinese coronavirus, and the start of the presidential primary season, 24-hour news outlets are for the first time seeing an excess of content to fit their cycle rather than a shortage.

On Capitol Hill, the U.S. Senate is trying to resume business after concluding its trial and acquittal of President Trump in just under three weeks. U.S. House of Representatives members, however, have found themselves in the throes of a new infrastructure proposal from the House Transportation and Infrastructure Committee (still conspicuously lacking any specifics on a funding mechanism).

After a tumultuous start in Iowa, primary season is now in full swing with the now-winnowed field fighting for the opportunity to face President Trump this fall.

The 116th U.S. House of Representatives currently sits with 232 Democrats, 197 Republicans, one Independent, and five vacancies following the death of Rep. Elijah Cummings (D-MD) and the resignations of Reps. Sean Duffy (R-WI), Chris Collins (R-NY), Katie Hill (D-CA), and Duncan Hunter (R-CA).

This number reflects the impeachment-related party changes of both Justin Amash (R-MI) who left the GOP in favor of independent status and Jeff Van Drew (R-NJ) after his switch from Democrat to Republican.

The Senate, however, remains steady at a 53-47 split in favor of Republicans. New to the Senate is Kelly Loeffler (R-GA), who was appointed following the retirement of Johnny Isakson (R-GA). Looking to November, it seems

likely that each party will maintain control of their chamber, with only an outside chance of the Senate majority being in play.

CFATS REAUTHORIZATION

Stop us if you've heard this one before – the expiration of the U.S. Department of Homeland Security's Chemical Facility Anti-Terrorism Standards (CFATS) program is rapidly approaching on April 18, 2020, and Congress currently does not have passable bipartisan, long-term reauthorization legislation in sight.

Once again, similar to how the 15-month CFATS program extension played out in January 2019, Congress finds itself trying to beat the buzzer and pass legislation ensuring the continuation of this important security program that has near-unanimous support on Capitol Hill.

As of February 2020, only a single reauthorization bill has been introduced in either Chamber. The highly partisan bill, H.R. 3256, was introduced by House Committee on Homeland Security Chairman Bennie Thompson (D-MS) last June and passed by the committee along party lines, cementing any true chance of passage if it were to ever arrive in the Republican-controlled Senate's hands.

With no practical CFATS reauthorization bill on the table in either chamber, in all likelihood, Congress will once again need to coalesce around a clean extension of the program to prevent it from expiring. Consequently, punting

"NACD has contracted new tracking and grassroots services to supplement advocacy done by state chemistry associations and NACD lobbyists"



the chance for a truly comprehensive and long-term reauthorization into the 117th Congress.

In a near miracle, the Senate was able to pass the revised U.S.-Mexico-Canada Agreement with a massive 89-10 majority just before the impeachment trial began. Though much of the trade policy world is taking the time to celebrate the victory, NACD – alongside coalition partners – is beginning talks in the House Ways and Means and Senate Finance Committees on passage of a Miscellaneous Tariff Bill (MTB) as well as an extension of the Generalized System of Preferences (GSP).

GSP will likely ride alongside other expiring measures this fall, with the only threat to renewal being rumored changes to country eligibility. MTB will almost certainly be part of an end-of-year package as the U.S. International Trade Commission is unlikely to send its final report to Congress until mid-August – leaving only September and the few session weeks in November and December to deliberate.

STATE INITIATIVES

New this year to NACD's list of initiatives is an organized effort to engage on state-level legislation. As the Congressional process continues to slow, a slew of hyperactive state legislatures have emerged to try to pass bills reaching everything from chemical bans to changes to labor law. In response, NACD has contracted new tracking and grassroots services to supplement advocacy done by state chemistry associations and NACD lobbyists. While there is no shortage of bills that NACD opposes at the state level, initial focuses relate to the use and regulation of per- and polyfluoroalkyl substances and ethylene oxide as well as independent contractor classification. ■



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Recent lawsuits could be a cause for concern

Is EO setting a precedent?

Stricter restrictions on ethylene oxide emissions in some states highlights the divergence of federal and state rulings

Jane Gibson London

U.S. states taking regulatory issues into their own hands is a worrying development for the chemical distribution industry.

Stricter controls on ethylene oxide (EO) emissions for medical sterilizers in Illinois and Georgia have seen facilities close, some permanently. The industry is now keeping a close eye on future developments in the hope that a domino effect is not set in motion for other EO users, or other chemicals.

EO emissions became a political issue after numerous lawsuits were filed in Illinois against sterilizer Sterigenics by claimants stating that emissions from its Willowbrook plant caused cancer.

This led to state laws requiring strict EO emission controls, modeling of emissions' dispersion and ambient air monitoring in Illinois for medical sterilizers, and the subsequent closure of the Sterigenics plant last year.

In January 2020, Medline Industries temporarily closed its Illinois facilities to install emissions upgrades to enable it to meet new state requirements.

"We had hoped that nationwide the federal gov-

ernment would take care of the ruling, but Illinois thought that the U.S. Environmental Protection Agency (EPA) was moving too slowly and so Illinois imposed even stricter requirements of their own on the sterilizers," says Mark Biel, CEO of CAE, IOM.

A UNITED FRONT

Last November, representatives from Illinois and Georgia formed a bipartisan group to address the safety of EO emissions. The group's purpose is to urge the EPA to take action. The EPA considers EO a carcinogen and is expected to update its regulations in the first quarter this year.

"There seems to be a distrust that anything will be done at a federal level," says Biel. "People are not waiting around. You will see more and more of these types of issues. Some people now want to put restrictions on EO manufacturers and users other than the sterilizers. But as an industry, we want rules and regulations that we can apply nationwide."

Release issues with the facility in Willowbrook date back to 2013, notes Mat Brainerd, chairman and CEO of Brainerd Chemical.

"This is what will happen if industry does not

appropriately deal with managing the usage of chemicals," he says. "Industry has the technology to both monitor and scrub emissions during chemical usage. It is therefore appropriate to aggressively manage chemical handling with all technology available. Spend the money to manage the chemicals or face closure. Not only for this one business but for all businesses who the general public believe to mismanage similarly."

One factor that led to the strict regulations is the EPA's risk assessment of EO. "We don't believe that EO is anywhere near as great a risk as the EPA says it is – it is set at a risk level so low that it is less than the background level of EO in London," adds Biel.

MORE RESEARCH NEEDED

The American Chemistry Council requested a reappraisal of the IRIS assessment, which it says is causing unnecessary alarm and grossly misstates EO's potential impact on public health. It says more research into levels of EO in the air is needed.

Besides being used as a sterilizer, EO is a major chemical building block for monoethylene glycol and surfactants, among others.

One NACD member, who asked not to be named, foresees a future impact on the industry from EPA's proposed rulemaking.

"This will almost certainly increase the cost of compliance for a broad swath of EO consumers, in addition to EO producers. Potentially, we could see consolidation of small and mid-sized EO consumers, depending on what new rules and regulations look like, and to whom they will apply. This will offer fewer choices to chemical distributors, and higher-priced offerings."

The member points out it is difficult to say whether state actions will be limited only to EO, but they should be a harbinger of concern for producers and consumers of chemicals with unfavorable toxicity profiles.

"Chemical distributors might find themselves sourcing EO derivatives from overseas, rather than domestic manufacturers," the member says. "Ethylene oxide, because of its widespread uses as a sterilant and fumigant, is a special case, where the chemistry also offers societal benefit. Other building block chemicals that offer no such benefit, may be more vulnerable to replacement or elimination in the future." ■



"You will see more and more of these types of issues. But as an industry we want rules and regulations that we can apply nationwide."

Mark Biel
CEO of CAE, IOM

Truckers face a fight

Trucking associations are fighting in the courts to retain their independent owner-operator status and prevent them from being reclassified or rehired as employees



New rules could harm trucker owner operators

ABC TEST REQUIREMENTS

The hiring business must demonstrate that all the factors below are established for a worker to be classified as independent:

- A. The worker is free from the control and direction of the hirer in connection with the performance of the work, both under the contract for the performance of the work and in fact;
- B. The worker performs work that is outside the usual course of the hiring entity's business;
- C. The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

Elaine Burrigde London

When is an independent contractor not independent? That is the conundrum currently causing much consternation, notably in the states of California and New Jersey.

California signed into law last September its independent contractor bill, which was due to take effect on January 1, 2020. Known as AB 5, this bill is designed to give employees greater labor protection, especially those working in the gig economy. However, it affects freelance workers across various industries, including trucking, which is a vital service for chemical distributors.

Jack Detiveaux, NACD's senior manager, legislative affairs, explains that many truck drivers work on an owner-operator model, which was borne out of a severe shortage of drivers in the U.S. – and allows them to control their own schedule and profits, and to minimize downtime.

"Paying a salary will not have the same efficiency. If laws are put in place to prohibit this model, the shortage issue will explode and companies will face a huge cost burden," he says, adding that a small distribution company would be unable to compete with retail giants such as Amazon.

"The economic impact would be staggering. There will be capacity problems and distributors

will not be able to get product to customers."

The California Trucking Association (CTA) has vehemently opposed AB 5, arguing that it would significantly harm truckers' own-and-operate model. The association filed a lawsuit in November 2019 challenging the constitutionality of the law and on January 16, 2020, a judge in the U.S. Southern District Court of California granted a preliminary injunction, meaning that California cannot apply AB 5 to the trucking industry until the case is decided.

CTA's CEO Shawn Yadon comments: "This ruling is a significant win for California's more than 70,000 independent owner-operators and CTA members who have worked as independent truckers for decades, and who have invested hundreds of thousands of dollars to own their own vehicle and comply with California's strict environmental guidelines and regulations over the years."

In his ruling, Judge Roger Benitez says precedent "strongly suggests" that AB 5 is pre-empted by federal law with regard to the trucking industry and CTA had demonstrated "a likelihood of success on the merits".

However, on January 29, a California attorney and the Teamsters union filed requests for appeal with the court, arguing against pre-emption and stating that CTA's assertion that the ABC test

under AB 5 effectively prohibits the use of independent contractors is incorrect.

The Owner-Operator Independent Drivers Association (OOIDA) also believes AB 5 went too far, despite the ongoing issue around misclassified truckers in the state.

A similar scenario is being played out in the northeastern state of New Jersey. Its Senate bill S4204, introduced on November 7, 2019, and backed by the Teamsters, is modeled on California's AB 5 bill.

Law firm SheppardMullin, writing in its Labor & Employment Law Blog in November 2019, explains that S4204 not only codifies the ABC test as used by New Jersey courts in the past, but adopts a stricter version.

"These proposed changes, if enacted, would make it significantly harder for companies to classify individuals as independent contractors. Given the number of employee-friendly laws passed by this legislature, there is a strong possibility that this bill will be passed by the New Jersey legislature," the company writes.

On February 6, the U.S. House of Representatives passed Protecting the Right to Organize Act. Set along the same lines as California's AB 5, the legislation would effectively restrict the use of independent contractors across the U.S. The bill now has to get through the U.S. Senate. ■



The West, Texas fertilizer explosion prompted action

RMP revisions remove burden

NACD welcomes EPA's approach to improve facility safety while at the same time removing cumbersome requirements

Elaine Burrigde London

On November 21, 2019, the U.S. Environmental Protection Agency (EPA) signed its Risk Management Program (RMP) Reconsideration Final Rule, effectively scrapping major changes to the existing regulation.

The Reconsideration Final rule rescinds requirements that were set out in the 2017 RMP Amendments Final Rule. These include third-party audits, mandatory consideration of safer technology and alternatives, incident investigation and root cause analyses, as well as many of the conditions to expand the sharing of facility information with the public. It also modifies the provisions on emergency coordination and exercise provisions, and extends compliance deadlines.

EPA Administrator Andrew Wheeler says this latest rule "promotes improved coordination between chemical facilities and emergency responders, reduces unnecessary regulatory burdens, and addresses security risks associated with previous amendments to the RMP rule."

Both industry and NACD welcomed the move.

Jennifer Gibson, NACD's vice president of regulatory affairs, says the association commends EPA for "pursuing a commonsense approach that improves facility safety without hamstringing businesses with burdensome requirements that have no proven benefit".

CHAIN REACTION

The Obama administration originally proposed changes to RMP following a series of serious incidents at chemical plants, which included the explosion at the West Fertilizer Company's storage and distribution facility in Texas on April 17, 2013, that killed 15 people and injured more than 200.

EPA initially signed off on these changes, which were formalized as the RMP Amendments Rule, but then deferred implementation under the Trump administration in the face of petitions for reconsideration that were filed by several states and industry organizations.

"The changes were a knee-jerk reaction by the federal government to come up with stronger rules after the West, Texas fertilizer explosion," says Peter Downing, president of Environmental

& Safety Solutions, an NACD Affiliate member. He adds that West Fertilizer Company and the first responders had not developed an appropriate working relationship, as required by the regulations that were in place at the time.

"The amendments were overreaching and put more onus on facilities that were already doing the right things. The program was effective as it was; it was enforcement that needed improving," he notes.

For example, President Obama's changes included a requirement for a third party to investigate within 12 months of a reported incident, but this third party was required to be independent and someone who had no prior relationship with the facility, because of a perceived lack of impartiality, which Downing says is just "silly".

"As experts, we must be impartial because we need to find out what really happened. Our goal is for a thorough investigation," he notes, adding that it is far better to use an expert with a sound knowledge of a facility under investigation and its processes than one who isn't.

Gibson also points out that the competency and independence requirements would have made it difficult to find auditors meeting all the criteria, which would have driven up the costs.

COMPLEX CHANGES

Another concern related to the implementation of safer technology and alternatives – this would have been part of the already required process hazard analysis that Program 3 facilities (which include chemical) have to conduct every five years. Gibson believes this particular clause would have been unfeasible to implement and would have been very costly with very little benefit from a safety point of view.

Downing adds that in this particular area, RMP is already a very effective, albeit cumbersome, program in requiring companies to look at their most hazardous operations and consider how to make them less hazardous, or less of a risk.

One positive amendment that EPA retained in its Reconsideration Final Rule, says Gibson, relates to emergency response coordination. The clause requires facilities to coordinate on an annual basis with local response organizations to keep the lines of communication open.

Not surprisingly, NGOs and others have strongly criticized the EPA's Final Rule. Indeed, Earthjustice – a coalition of 13 organizations – filed a lawsuit on December 19, 2019, against the Trump administration for "killing these critical protections". On January 9, 2020, the United Steelworkers sued the EPA in a bid to reverse the agency's "gutting" of Obama's 2017 Chemical Disaster Rule.

More recently, on January 29, attorneys general from 14 states filed yet another lawsuit against the rule. ■

Threats to security are ramping up

Post 9/11, threats to security have become potentially more dangerous – especially as the chemical industry stands out as an attractive target

Elaine Burridge London

Attention to security is a natural and necessary part of a chemical distributor's operations. During current heightened geopolitical tensions, there is even more reason for companies to ensure their security measures are robust.

Chemical distributors, and certainly NACD members, have been implementing security components in their operating environment for many years. Prior to 9/11, measures had primarily been related to events such as theft or nuisance breaking and entering, notes Doug Brown, president of Brown Chemical, and NACD immediate past chairman of the board.

Now, as Brown points out, post 9/11, the threat has shifted and become potentially even more dangerous. Given recent geopolitical events, including tensions between the U.S. and Iran,



"Companies must encourage their employees to increase their vigilance and look at all risks"

Doug Brown
President, Brown Chemical

as well as U.S. political issues and the rise of home-grown terrorists and extremists, the chemical industry appears to be an attractive target. Not forgetting either the potential risk from disgruntled/former employees and environmental activists.

"Companies must encourage their employees to increase their vigilance and look at all risks, both in terms of attacks or sabotage on the site and physical property, including chemical products, as well as to its IT network, and personnel too," says Brown. Most importantly, employees need to practice the "see-something, say-something" mentality when they see suspicious activity.

There are numerous possibilities for a security breach, including theft, fraud, product contamination/tampering, destruction of equipment, vandalism, trespass, and computer hacking.

The Cybersecurity & Infrastructure Security Agency (CISA) is responsible for protecting the critical infrastructure in the U.S. from physical and cyber threats. On January 15, 2020 it issued a bulletin urging facilities with Chemicals of Interest – whether tiered or untiered under the Chemical Facility Anti-Terrorism Standards (CFATS) program – to consider enhanced security measures.

CISA explains that certain offensive cyber operations have been attributed to the Iranian gov-



Be on the lookout for security issues

ernment, which has allegedly targeted various industries and organizations, including chemicals.

In practical terms, CISA advises companies to adopt a state of heightened awareness; increase organizational vigilance; confirm reporting processes; and exercise incident response/crisis management plans.

The agency, however, adds that tiered CFATS facilities are not being required to implement the heightened security measures under Risk-Based Performance Standards 13 and 14 of their security plans. ■

THE CYBER THREAT GROWS

Cyber-attacks are the new frontier in terms of security and should be a point of focus for distributors, says Shawn Wiram, vice president safety, health & environment at Brenntag North America.

His advice aligns with government warnings on cyber-attacks from overseas. A year ago, the U.S. Director of National Intelligence warned that China, Russia, Iran, and North Korea were increasingly using cyber operations to steal information or disrupt critical infrastructure.

"The primary focus for distributors has to be on

making sure that their cyber/IT network infrastructure is up-to-date on the latest perceived threats and maintaining constant surveillance on systems to check for any infiltration," says Wiram. If infiltration is detected, applicable authorities should be notified immediately for guidance and assistance.

He adds that companies should also ensure they have suitably qualified people with the appropriate expertise in place to manage their systems and cybersecurity methods – and that they are using the best available technology on the

market. Finally, if a company uses an external provider for IT protection, make sure it vets the supplier thoroughly.

In its January advisory bulletin, CISA highlights various areas where companies should take action on their cyber protection. These include information backups, risk analyses, staff training and awareness, scan and patch system vulnerabilities, application whitelisting (allowing access to identified users), incident response, and business continuity.

Congratulations to our member and Affiliate companies that completed their 6th Cycle requirement of completing all the NACD U Responsible Distribution courses. You are now prepared to walk into 2020 with improved productivity, greater knowledge, and fewer workplace incidents!



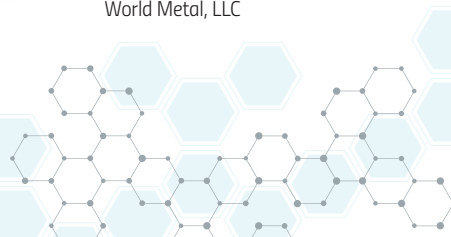
A.G. Layne, Inc.
Accron, LP
Acid Products Co., Inc.
Acme-Hardesty, a Div. of
Jacob Stern & Sons, Inc.
Advanced Chemical
Logistics, Ltd.
Akrochem Corporation
Allchem Industries, Industrial
Chemicals Group, Inc.
Allied Universal Corporation
Azelis Americas
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Chemical Solvents, Inc.
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Miles Chemical Company
Norman, Fox & Co.
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Riteks, Inc.
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Southern Chemical
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Specialty Chemical Sales, Inc.
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TCR Industries
Technical Products, Inc.

The Cary Company
The Chemical Company
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TRInternational, Inc.
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Van Horn, Metz & Co., Inc.
Veckridge Chemical
Company, Inc.
Viachem, Ltd
Viking Chemical Company
Vivion, Inc.
Wausau Chemical Corporation
Webb Chemical Service Corp.
Wilson Industrial Sales Co., Inc.
World Metal, LLC

If your company is required to complete Responsible Distribution and is not included above, this means you have not satisfied the required Responsible Distribution Code courses. For assistance, please get in touch ASAP with NACD Education Coordinator, Josef Bieda, at jbieda@nacd.com or by phone at 703-627-6223 x3072.



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NACD heads to the Hill

The Washington Fly-In is fast approaching – so book your place, get involved, and tell your story

Andy Brice London

As the dust settles in Washington after months of distractions and political debate, NACD members are invited to head to the U.S. capital to steer attention towards the pressing issues affecting the chemical distribution sector.

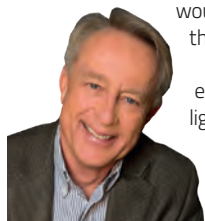
The annual Fly-In taking place this spring allows participants to walk the hallowed halls on Capitol Hill, meet with lawmakers, and help shape the policy and regulation that matters to them.

It always proves a hugely popular event, providing a unique opportunity to share their views and get voices heard amid the maelstrom.

"With everything that's going on in politics right now, it can be challenging to get any other issues on the table. That's what makes it even more important that we have strong participation at the Fly-In, so we can get our message heard," says Randy Eppli, chairman of NACD's Government Advocacy Committee. "There's plenty to talk about but with all this political noise, we need to take the opportunity to raise our voice and be even louder."

"Advocacy is hugely important to NACD. Many members are small organizations, and while it can be difficult for them to individually make a difference or advocate for the industry, we can be stronger if we band together," he adds. "It's important to remember that you're not alone. If it weren't for NACD, each of us would just be a single voice in the wilderness."

The Fly-In is a chance to explain and educate, highlighting exactly what chemical distribution is about and the positive effect it



"There's plenty to talk about but with all this political noise, we need to take the opportunity to raise our voice and be even louder"

Randy Eppli
Chairman, NACD's Government
Advocacy Committee



Around 100 people head to Washington to the Fly-In each year

has on society. The meeting ensures Members of Congress hear first-hand the important role the industry plays and how NACD members are a vital link in the supply chain, safely handling chemicals, providing jobs, and supporting their communities.

A FULL ITINERARY

Another strong turnout is expected, with around 100 people set to participate in about 200 meetings spread across the two days in May.

There will no doubt be plenty to discuss. While the immediate future of the Chemical Facility Anti-Terrorism Standards (CFATS) program will have been decided before the event, it is still likely to be high on the agenda, along with issues surrounding trade and transportation.

"The Fly-In is always a fantastic meeting," says Doug Leigh, NACD director, legislative affairs, "and as this is an election year, legislators will be especially eager to make time in their schedules to meet in-person and talk with their constituents about issues important to them."

"Our members always find the Fly-In a truly valuable experience and want to come back each year. We have at least 75% of attendees returning every year, and if they can't come then they often send somebody else from their company to represent them so they can continue to build those relationships," he adds.

Establishing contact with key policymakers provides members the perfect opportunity to air concerns or raise an issue, extol the virtues of the

chemical industry, or offer an invitation back to their home district for a tour of their facilities.

The latter is proving increasingly popular – and really valuable, notes Leigh. Last year, NACD members hosted 25 site visits, and are working towards an even more ambitious target of 30 in 2020.

"The Fly-In provides an amazing opportunity not only to get in front of a Member of Congress but to invite them to your facility so they can better learn about the industry, your business and the efforts you're making to serve your community and employees," he says.

ENJOYING THE EXPERIENCE

For this year's event, NACD has reserved accommodation at the Capital Hilton hotel, a block from the White House and a stone's throw from the National Mall and Capitol Hill.

It should make for quite an experience for both regular and first-time attendees who will be able to truly immerse themselves in the atmosphere of downtown DC, says Eppli.

While it can initially be a little daunting for those who have never previously been to the Fly-In, NACD offers plenty of support and guidance to make the process as seamless, comfortable, and effective as possible. Whether needing help preparing for the meetings, or knowing how to navigate the corridors of the Capitol Building for the next meeting, NACD staff are on hand throughout.

"Some people may be concerned by the fact that they don't have a complete understanding of

the topics affecting our industry or think that they have to be an expert in legislation or regulation to come to the meeting. That's not the case at all, and NACD does a great job of preparing us and offering support," he says.

A pre-event webinar is planned several weeks before the event to help prep attendees, run them through the various talking points, and explain what to expect. This is followed by an in-depth briefing session on the opening morning of the meeting, where the hot topics are highlighted, and tips shared about how best to maximize time with selected officials.

After a day of Hill meetings, attendees move to more relaxed surroundings for the evening reception where they have the chance to meet legislators and members of the Congressional Chemistry Caucus—established with the support of NACD, the American Chemical Society (ACS), and the American Chemistry Council (ACC) in 2016 to highlight the importance of chemistry to our everyday lives.

Meetings resume the next morning, or members can instead join a series of regulatory seminars to hear speakers dissect and digest policy, rules, and regulation.

AN UNMISSABLE EVENT

This year will be the fifth successive visit for Colie Whitaker, chief operating officer at Whitaker Oil Company. He sees the Fly-In as an invaluable addition to his calendar—an important way of building relationships and creating a rapport with representatives.

"It's really useful because we're going as a group to meet with congressmen and senators to talk to about the issues that are important to us," he says. "They get to know about your business, how you support your employees and the community,

WASHINGTON FLY-IN 2020 MEETING AGENDA

Wednesday, May 20

- 9:30am–11:30am Legislative prep session
- 11:45am–12:30pm Working lunch with Q&A
- 2:00pm–5:30pm Meetings on Capitol Hill
- 5:30pm–6:30pm Washington Fly-In reception with Member of Congress/Chemistry Caucus Members

Thursday, May 21

- 7:45am Breakfast on Capitol Hill with Member of Congress
- 9:00am–1:00pm Meetings on Capitol Hill
- 9:00am–1:00pm Regulatory agencies (with boxed lunch)
- 2:00pm Departure

and that you practice Responsible Distribution."

"You won't move mountains, but you do become better educated on certain issues. You get to learn about why particular legislation is being introduced, and some of the roadblocks that lie ahead. You may walk away feeling that you had minimal impact but you'll have pushed the scale a little bit more in your direction."

Whitaker remembers how a fellow distributor, who had long-standing issues with a rail firm, resolved the problems almost immediately after a congressman they had met at the Fly-In lent his support and made a call on their behalf.

The chemical industry remains a relationships business, so nurturing these key contacts can be hugely beneficial, he says.

"The Fly-In lets you get a peek behind the curtain of how politics works that you wouldn't get otherwise," adds Whitaker. "It gives you some insight into exactly how Washington works and therefore how America is governed."

Jeanette Glose Partlow, president of Maryland Chemical Company, Inc., agrees. She has been a regular attendee at the Fly-In for over two decades, and still looks forward to each visit.

"The first time I went to Capitol Hill with my grandparents, I realized I was in a special place. I was sitting in the gallery of the U.S. House of Representatives and I'll never forget that experience. Now when I go to the Fly-In, I make a point of inviting my family too, so they can see it is an accessible place and a great thing about our country."

"I realize, as I see all those other people with name tags walking those hallways, that if we're not there telling our stories to those legislators, someone else is going to be telling theirs, or could be speaking against us. We need to educate the legislators. They need to know who we are, and that we employ people and support families. We've got to be there telling them about our benefits and values, and explaining the wonders of everyday chemistry. Even if the representative is opposed to the industry or your point of view, they often soften their stance when you explain that we can be part of a vibrant future, creating solutions."

Occasionally, someone may even contact her to ask for comments about a proposed bill—all because of her attendance at the Fly-In and the relationships she has formed. With the support of NACD, she is able to affect the direction of future policy by offering input into how it will impact her business and the wider industry.

"If it had not been for the Washington Fly-In, there wouldn't have been these opportunities," she insists. "Other than casting a vote, it is one of the only chances to have your voice heard at a federal level. It's important to let them know who you are, what your business is, and why it's a good thing that your business exists. If we're not there telling our story, then it's not being heard." ■

This year's Fly-In will be held at the Capital Hilton in Washington, DC, from May 20–21. To find out more, visit www.nacd.com/meetings/fly/



Attendees speaking with Representative John Moolenaar (R-MI)



Brainerd Chemical has welcomed Senator Jim Inhofe (R-OK) – pictured left – to its facility

Site visits form a chemical bond

Having a Member of Congress tour your facility not only gives them insight into how the chemical distribution sector operates, but it forges an important, long-lasting bond with your business

Andy Brice London

This industry is all about relationships, and what better way to establish a rapport with your local representative than to engage with them directly through a site visit, and show them first-hand the important role you play?

NACD members clearly recognize the value of face-to-face meetings with lawmakers and lobbyists, helping the association achieve its ambitious goal of 25 site visits last year – double the number that took place five years ago.

The program has been a real success story, insists Tommy Turriff, president of TLC Ingredients, Inc. He has welcomed four different congressmen and women to his sites in 2019.

"It really is an interesting experience to have a Member of Congress at your facility, and it really gets the office excited," he says. "I feel that it's part of our responsibility to help them understand what we do, and that we are good stewards of the industry. They are trying to make legislative decisions on Capitol Hill, so it's important that they know we are

doing the right things. We're trying to spread the message of Responsible Distribution."

"There are also times when you'll need help, and because of this relationship you've developed, it's easier to get guidance or assistance from them if they know who you are."

PLAN CAREFULLY

In advance of any meeting, it is always wise to plan carefully, he says. Their schedules are tight and time is limited, so a clear idea of which topics to raise will pay dividends. It is well worth thinking about pertinent industry issues that are ripe for discussion, such as new rules or regulations, as well as raising any business-related concerns.

NACD staff are always on hand to offer advice, and can also help to prepare the day's agenda, if required. If schedules permit, they may also be able to join you on the day and offer support.

Turriff says that Congressman Bill Foster (D-IL) recently agreed to come to TLC's facility for the third time and, rather than the usual tour, decided to do something a little different.

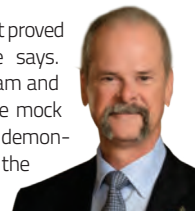


As the visit fell in October – National Cybersecurity Awareness Month – Turriff planned a special exercise to coincide with the visit.

Cybersecurity is an important part of the U.S. Department of Homeland Security's Chemical Facility Antiterrorism Standards (CFATS) program, which is due to expire in April 2020. It seemed appropriate therefore to emphasize its importance and the industry's desire to see it extended. The drill would highlight risks, and how the business was able to respond. Several DHS representatives were also in attendance.

"NACD members are trying really hard to support its reauthorization and this was one of the topics we wanted to talk about during the visit," he says. "Cybersecurity is an important part of CFATS and we have a very good working relationship with the DHS, so we planned a drill to show Congressman Foster the various measures we have in place."

It took some planning but proved extremely worthwhile, he says. With the support of his team and his external IT provider, the mock ransomware attack helped demonstrate the importance of the



"When they then get back to their office and somebody says the chemical industry isn't doing it right, they can say they've seen first-hand that this isn't the case"

Mat Brainerd

Chairman/CEO, Brainerd Chemical Co.



Edward Polen, president and CEO of EMCO Chemical Distributors, Inc. (left) hosted former U.S. Speaker of the House Paul Ryan and Senator Ron Johnson

EMCO Chemical Distributors Inc.



TLC president Tommy Turriff, Congressman Bill Foster (center), and Peter Lorusso, VP sales & marketing

TLC Ingredients, Inc.

legislation and why it was needed to keep his business, employees, and local community safe.

Brenntag also sees the many benefits of site visits, says senior vice president and director of government affairs, Bob Moser. The business has hosted six this past year, most recently Congresswoman Chrissy Houlahan (D-PA).

Still in her first term, she had been unaware of Brenntag and its role as a leading chemical distributor. In fact, says Moser, she was particularly keen to accept the invitation as this was the perfect opportunity to learn more about a major employer in her district, and the wider chemical industry.

"There's been a lot of turnover in both the House and the Senate in recent elections so for many of the legislators, this is their first time coming to see us," he says.

FACILITY TOUR

Most site visits tend to last around an hour, and generally include an explanation of the business, its products and services, as well as emphasizing the large number of career paths and good-paying jobs created by chemical distributors.

"We've created a program that seems to work really well for each visit. First, we introduce them to the management team, and then we carry out the required safety presentation, and tour them around the facility."

"We were also able to show all the investments that Brenntag has made in support of the CFATS program, from perimeter control and fencing, to guards and security cameras," he says. "We wanted to help her understand our position, and why we believe it is so important CFATS is renewed."



Viking Chemical Company was joined by Representative Cheri Bustos (right)

Viking Chemical Company



Third Coast Terminals shows Representative Pete Olson (center) around the site

Third Coast Terminals

Moser says he also took the opportunity to raise Brenntag's backing of the DRIVE Safe Act, which could address the ongoing driver shortage, and help more young people come into the industry.

"After the walkthrough, we invited all our employees to a town hall meeting to meet Congresswoman Houlahan," he says. "This is always really popular, as most of them will never have met their representative before or been able to ask questions. Furthermore, it gave the congresswoman an opportunity to meet many of our employees who are also her constituents."

Mat Brainerd, chairman and CEO of Oklahoma-based Brainerd Chemical Co., has participated in three site visits this year too.

Brainerd says he is always quick to engage with a new congressional member coming into office, and recently approached NACD to help open discussions with Congressman Kevin Hern (R-OK).

"These legislators are being bombarded with requests from environmentalists and the industrial

sector, but in my experience, they don't really know what goes on at plant level. We don't usually tend to have that kind of interaction with them."

"I spend so much of my time trying to convey to the outside world that we are not the industry of 100 years ago, and these visits let them hear from our own mouths that we are sustainable, and are cleaning up our act."

"When they then get back to their office and somebody says the chemical industry isn't doing it right, they can say they've seen first-hand that this isn't the case. It helps to counter some of that negativity."

"They say a picture's worth 1,000 words, but a visit is worth even more. A site visit truly is a great opportunity for legislators to understand the business of chemistry and what we do," he says. ■

NACD has created a short video explaining the process and its many benefits.

<https://www.nacd.com/legislative/site-visits/>

Building for the future

When is the time right to invest and move to a new location, and how can it position you for future growth?

Andy Brice London

Whether replacing an aging facility or expanding to meet increased demand, knowing when, where, and how to make the move to a new office or warehouse can make or break a business.

Should the decision be based on the economy or your performance? Will there be hurdles to overcome or complications regarding rules and regulation? Do you relocate existing staff or recruit locally? Is there anything else to consider when making such a large financial commitment?

For Jonathan Spielman, president of Independent Chemical Corporation, the key driver was the changing needs of the customer.

"The chemical distribution model had changed but we hadn't changed with it," he admits. "We just didn't need to be in that location anymore – and we needed a facility to meet the expectations of our customer base, and to ensure that we could do our work safely and reliably."

MAKING THE MOVE

With the neighborhood and business changing, it took on its first principle on a national basis in 2010. Customers were leaving the area as the rents, traffic, and tolls continued to increase.

"It would cost us over \$250 in tolls for a round trip from the chemical terminals in New Jersey across two bridges through Queens, Brooklyn, and then Staten Island. It was a 20-mile journey and took three hours each way," he says, "and many truckers refused to service our operations."

A move away became inevitable, and in 2018, Spielman took



"The chemical distribution model had changed but we hadn't changed with it... This was what we needed to do to get to the next level"

Jonathan Spielman

President, Independent Chemical Corporation

the business to Paterson, New Jersey – a far more convenient location that brought the warehouse and terminals closer together. "That alone saves time and money, allowing a single tanker or trailer to make multiple runs within a single work shift, without the tolls, and brought us closer to our customers," he says.

For 70 years, the business had been based in Queens, New York. Benjamin Spielman, the founder and Spielman's grandfather, lived there, and located the business near his home.

A VERY DIFFERENT BUSINESS

"Back in the 1940s, Brooklyn was one of the five largest cities in America so a lot of people lived there. Every 40 miles or so, there was another distributor packaging commodity chemicals, just like us," he says. "When we started, we were focused on the last mile, and literally only delivered within 50 miles. We had customers calling in the morning for orders to deliver same day, but that model has changed, and we rarely process same-day orders anymore. Today you can effectively arrange next-day delivery from 150 miles away."

Three key elements of the site selection were New Jersey's superior economic incentives to promote Paterson's employment, the very positive reception it got from the city, and the large labor pool to add staff.

"The previous facility owner decommissioned the plant in 2005, but I'd been looking at this facility in awe for over 20 years," says Spielman. "It was state of the art, and purpose-built as a batch manufacturing plant for a major surfactant manufacturer in the 1990s. It has 26-foot-high ceilings with dedicated areas for blending, mixing and packaging. It had outdoor diked areas for bulk tanks to reduce fire code compliance expense, plus a 200-foot-long covered unloading tank truck area on a scale, with a 20,000-gallon secondary containment underground."

The refurbishment was still extensive, however.

"We touched every wall, every floor, and every part of the roof. Although built for hazardous materials, we had to replace the existing sprinklers,



build containment areas to segregate the hazards in the case of fire or leaks, build four hour rated escape hallways, fire proof the structure and more. The floors needed to be sealed, the lighting changed, the roof supported, and there were multiple boilers, cooling towers, and structures that we had to remove. We actually took out thousands of pounds of pipes, power panels, and transformers," notes Spielman. "At times, we had 30-50 people working on the building, and managed to complete it in seven months."

The \$14m project was fully completed in December 2018, and Spielman is certain it proved the right decision for the business, laying the



foundations for future success.

"We've now transformed our business from a last-mile commodity seller into a nationally-focused specialty distributor. This was what we needed to do to get to the next level."

Independent Chemical Corporation is now settled in a modern facility that is about 25% larger than the old site, in a prime location that is safe, secure, and suited to its unique requirements.

A WINNING FORMULA

"Location, availability, and cost are what separates the exceptional distribution networks from the common ones," adds Andy Lovenduski, direc-

tor of warehousing & logistics at Azelis.

"Customers and suppliers are looking for distributors that can strategically align themselves to the needs of the market and adapt as needed for the future. By making sure our supply chain network has the flexibility of key points at pivotal locations up and down the network, Azelis has been able to partner with those customers and suppliers to ensure we are ready for whatever happens next."

Azelis uses 65 warehouses across North America, from Eastern Canada to Southern California. Each is strategically placed to meet the very specific needs of its regional customers and suppliers, he says.

Azelis recently acquired Megafarma in Mexico. Its distribution centers provide access to promising markets, and create a strong platform for growth in the global specialty chemicals and food ingredients distribution business.

CAREFUL PLANNING

Moving a distribution center is never an easy task, says Lovenduski, and it is essential that appropriate due diligence is carried out before even considering it. Would it would be better, for example, to expand current operations or instead look to work with an NACD Chemical Handler Affiliate (CHA)?

In 2018, Azelis opened a new headquarters in Springdale, Ohio, as the main office for its coatings, adhesives, sealants, and elastomers (CASE) operations in the northern Midwest. It closed one of its older facilities and partnered with a CHA, which allowed Azelis to expand into new markets and take on new business.

"I believe everything depends on the economy as it is a leading predictor of the future, but a wise manager should also consider trends of their customers and suppliers. If you want to enjoy the shade under a tree, you have to first plant the seed. If you want to take advantage of a vibrant supply chain in the future, you will need to invest now."

Although cost is obviously paramount, there are many other facets that also need to be carefully considered when choosing a potential site, he adds.

What is the distance from the major highways, railways, or ports that might constrict the flow of material? Will the weather have a bearing on the decision? After all, some areas frequently suffer from poor weather conditions, and this could cause significant delays to shipments and negatively impact freight costs. City, state, and federal requirements also need to be considered. Even the local business complexes may have requirements on a new distribution center, he notes.

"In today's market, the smart investor needs to look at what else a distribution center can offer to the supply chain. The ability to service a customer's needs at short notice, and at minimal cost, can separate one distributor from another."

This is something Fern Espinosa, president of Andes Chemical Corporation, is particularly familiar with too.

Although headquartered in Miami, FL, the company's sales are in Latin America. Last year it opened new distribution centers in Costa Rica and the Dominican Republic to complement its existing business there.

"We continue to invest in the region and these are all good growth markets with huge potential. Our original business model had all our sourcing in the U.S. The majority of the companies we represent are North American companies," he says.

"In the 1980s, the Caribbean islands sourced their products from Europe, with longer lead times, and they needed to buy full container loads. Some of the smaller companies didn't have the capability to import. We were pioneers in giving customers the opportunity to source many different products in one container, and import it all from the U.S., which was a lot closer and more convenient."

Opening sites in different countries requires an altogether different thought process, with all the pieces of the puzzle needing to fit together perfectly, he says. For Espinosa, finding a suitable general manager to lead the project is a priority. Attention then turns to the office space and infrastructure.

Each country has its own laws, taxes, and different regulatory environment, which can be difficult to navigate, so a great deal of local knowledge and expertise is needed. Espinosa says finding an effective team – starting with the general manager through to everyone from accountants, advisors, and warehouse staff – is important.

STEPS TO SUCCESS

"We always start small and if we need to invest, we move little by little," he says. "We tend to 'third party' everything at the beginning, and as time goes on, we may invest in adding more infrastructure that we can control. The business is growing well in the Dominican Republic and we now have our own warehouse and delivery trucks."

"With each of our distribution centers, their main function is local sales. It allows us to keep product in those countries rather than importing it, and provide an alternative source to neighboring countries in the region – for example, from Costa Rica we can ship to Panama, and from the Dominican Republic we can ship to Trinidad. It's a way to have an alternative sourcing point for our customers rather than just the U.S."

Whether driven by demand or looking to up-size, knowing when is best to invest in new premises is a pivotal decision. As these experiences prove, there may be countless considerations – but done correctly, they will surely shape the future direction of a business, and lead to further success. ■

New members and Affiliates

NACD welcomes the following companies as members and Affiliates

Chemical Distributor Members

PREMIER CHEMICALS & SERVICES LLC

4856 Revere Ave.
Baton Rouge, LA 70808
Tel: (225) 926-0059
Primary Contact: Andy Parker, managing member
Email: andy@premierchemicals.net
Primary Code Coordinator: Francis Mayer

INTERNATIONAL RAW MATERIALS LTD

600 Chestnut St.
Suite 800
Philadelphia, PA 19106
Tel: (215) 928-1010
Primary Contact: Tip O'Neill, president
Email: wpon@irm.com
Primary Code Coordinator: Carrie Gaines

Chemical Handler Affiliates

RINCHEM COMPANY, INC.

5131 Masthead St. NE
Albuquerque, NM 87109
Tel: (505) 345-3655
Primary Contact: Joe Catalano, global business development manager
Email: jcatalano@rinchem.com
Primary Code Coordinator: Joe Catalano

Service Provider Affiliates

SMITH CORONA LABELS

3830 Kelley Ave.
Cleveland, OH 44114
Tel: (216) 426-5565
Primary Contact: Benny Bonanno, senior vice president marketing & sales
Email: cristiano@smithcorona.com

WOOD GUTMANN & BOGART INSURANCE BROKERS

15901 Red Hill Ave.
Tustin, CA 92780
Tel: (714) 824-8309
Primary Contact: Kathleen Kozlowski, director, strategic relations
Email: kathleenk@wgbib.com

THE GRAHAM COMPANY

30 South 15th St.
Floor 25
Philadelphia, PA 19102
Tel: (215) 701-5439
Primary Contact: Tanya Pecorari, producer
Email: tpecorari@grahamco.com

BULK FR8 LLC

701 5th Ave.
Suite 4200
Seattle, WA 98104
Tel: (516) 300-1592
Primary Contact: Wayne Levinson, president
Email: wayne@bulkfr8.com



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

DISTRIBUTOR MEMBERS

- Accron, LP
- Aceto US, LLC
- Acid Products Co., Inc.
- Acme-Hardesty, a Div. of Jacob Stern & Sons, Inc.
- Advanced Chemical Concepts, Inc.
- Advanced Chemical Logistics, Ltd.
- A.G. Layne, Inc.
- Akrochem Corporation
- Alexander Chemical, Carus Group Companies
- AllChem Industries, Industrial Chemicals Group, Inc.
- Allied Universal Corporation
- Amber Chemical, Inc.
- Amchem, Inc.
- American International Chemical
- Americhem Sales Company
- Amrex Chemical Co., Inc.
- Andes Chemical Corporation
- ARC Products, Inc.
- Argo Chemical, Inc.
- Astro Chemicals, Inc.
- Azelis Americas
- Barton Solvents, Inc.
- Basstech International LLC
- Bedford Specialty Sales, Inc.
- B.H. Roettker Co., Inc.
- Boehle Chemicals, Inc.
- Borden & Remington Corp.
- Brainerd Chemical Company, Inc.
- Brandt Technologies, LLC
- Breckenridge Technologies, LLC
- Brenntag North America, Inc.
- Brown Chemical Co., Inc.
- Buckley Oil Company
- Cal-Chem

- Callahan Chemical Company
- Cascade Columbia Distribution
- CellMark Basic Chemicals
- Celta Chemical, Inc.
- Charkit Chemical Company LLC
- Chautauqua Metal Finishing Supply
- CheMarCo, Inc.
- ChemCeed LLC
- Chemical Distributors Inc.
- Chemical Distributors, Inc.
- Chemicals, Inc. USA, a ChemGroup Co.
- Chemical Solvents, Inc.
- Chemical Strategies, Inc.
- Chemisphere Corporation
- Chem-Materials Co., Inc.
- Chem One Ltd.
- Chem/Serv, Inc.
- Chemsolv, Inc.
- ChemSpec, Ltd.
- Chemstock, Inc.
- Chou Enterprises Ltd
- C.J. Chemicals
- Classic Distributing Company
- Coast Southwest, Inc.
- Colonial Chemical Solutions, Inc.
- Columbus Chemical Industries, Inc.
- Cone Solvents, Inc.
- Connection Chemical LP
- Covalent Chemical LLC
- Custom Chemical Formulators, Inc.
- Custom Chemical Services LLC
- Dakota Distributing, LP
- Dar-Tech, Inc.
- DAXX
- Debro Inc.
- DKSH North America, Inc.
- Dorsett & Jackson, Inc.
- Douglas Products and Packaging Company LLC
- DPC Industries, Inc.
- Dubois Chemicals
- Eagle Alcohol Company, LLC
- Eastman Kodak Co. Solvent Recovery Division
- EMCO Chemical Distributors, Inc.
- E.M. Sullivan Associates, Inc.
- Esprix Technologies, LP
- Essential Ingredients, Inc.
- FBC Chemical Corp.
- Fitz Chem LLC, A Division of Nagase Group
- Florida Chemical Supply, Inc.
- Gallade Chemical, Inc.
- George S. Coyne Chemical Co., Inc.
- Gilbert & Jones Company Inc.
- G.J. Chemical Co., Inc.
- Global Chemical Resources
- Gold Shield Distributors
- Graham Chemical
- Greenchem Industries LLC
- Gulf Coast Chemical, LLC
- Hall Technologies, Inc.
- Harcros Chemicals, Inc.
- Harris & Ford, LLC
- Harry W. Gaffney & Co., Inc.
- Harwick Standard Distribution Corp.
- Haviland Products Co.
- Hawk Chemical Company LLC
- Hawkins, Inc.
- H.M. Royal, Inc.
- Holland Applied Technologies
- Houghton Chemical Corporation
- Hubbard-Hall Inc.
- Hydrite Chemical Co.
- Ideal Chemical & Supply Co.
- IMCD US, LLC
- Independent Chemical Corporation
- Industrial Chemicals Corp.
- Industrial Chemicals, Inc. (AL)
- Industrial Chemicals, Inc. (VA)
- Intercoastal Trading Inc.
- Interstate Chemical Co., Inc.
- Jaytick Chemicals Inc.
- JR Hess Company
- Ketsin de Costa Rica Ltda
- K.G. International, Inc.
- KIC Chemicals, Inc.
- Kohl Marketing, Inc.
- Kraft Chemical Company
- K-Solv, LP
- LA Chemicals, Ltd.
- Lidochem, Inc.
- Lintech International
- Lowe Chemical Co.
- Majemac Enterprises Inc.
- Maroon Group LLC
- Maryland Chemical Company, Inc.
- Mays Chemical Company, Inc.
- McCullough & Associates
- Melrob US Inc.
- Miles Chemical Company
- Norman, Fox & Co.
- North Industrial Chemicals, Inc.
- Omya Inc.
- Palmer Holland, Inc.
- Parchem – fine & specialty chemicals
- Peninsula Polymers
- PhibroChem
- Pochteca Materias Primas S.A. de C.V.
- Pride Chemical Solutions, Inc.
- Producers Chemical Company
- PVS Chemicals, Inc. – Distribution Group
- Quaker City Chemicals, Inc.
- Radchem Products, Inc.
- Ravago Chemical Distribution, Inc.
- Raw Materials Corporation
- R.E. Carroll, Inc.
- Redox Inc.
- Research Solutions Group, Inc.
- Rierden Chemical & Trading Company
- Riteks, Inc.
- Riverside Chemical Co., Inc.
- Roberts Chemical Co., Inc.
- Rowell Chemical Corp.
- Royale Pigments and Chemicals, Inc.
- Sal Chemical
- Schibley Chemical Company, Inc.
- Seacole
- Sea-Land Chemical Co.
- Seeler Industries, Inc.
- Service Chemical Industries, Inc.
- Shepard Bros. Inc.
- Shrieve Specialty Chemical
- Silver Fern Chemical Inc.
- Slack Chemical Co., Inc.
- Soltex, Inc.
- SolvChem, Inc.
- Solvents and Petroleum Service, Inc.
- Southern Chemical Corporation
- Special Materials Company
- Specialty Chemical Sales, Inc.
- S.P. Morell & Company, Inc.
- Superior
- Superior Materials, Inc.
- Surpass Chemical Co., Inc.
- Tanner Industries, Inc.
- Tannin Corporation
- Tarr, LLC
- TCR Industries
- Technical Products, Inc.
- Thatcher Company, Inc.
- The Cary Company
- The Chemical Company
- The Chidley & Peto Company
- The C.I. Thornburg Co., Inc.
- The Meadows Group, LLC
- The Plaza Group, Inc.
- The Terra Firma Company, LLC
- Third Coast Terminals, Inc.
- Tilley Chemical Co., Inc.
- TLC Ingredients, Inc.
- TransChemical Inc.
- TransChem, Inc.
- TRiiSO
- TRInternational, Inc.
- Tulstar Products, Inc.
- T.Z. Group Inc.
- Unique Chemical Technologies, Inc.
- Univar Solutions
- Valley Solvents & Chemicals
- Van Horn, Metz & Co., Inc.
- Veckridge Chemical Company, Inc.
- Viachem, Ltd
- Viking Chemical Company
- Vinmar International, Ltd.
- Vivion, Inc.

Continued on page 24





» Continued from page 23

- Walsh & Associates, Inc.
- Warner Graham LLLP
- Wausau Chemical Corporation
- Webb Chemical Service Corp.
- Wego Chemical Group Inc.
- Whitaker Oil Company
- Wilson Industrial Sales Co., Inc.
- Wintersun Chemical
- World Metal, LLC

CHEMICAL HANDLER AFFILIATES

- Amware Logistics Services
- Anderson All Points Solutions, Inc. dba Ennis Logistics
- B&J Group
- Brook Warehousing Corp.
- Chicagoland Quad Cities Express, Inc.
- Crystal Warehouse Corp.

- HS Services, a division of IMCD US
- Iosco Warehousing & Distribution LLC
- Jensen-Souders & Associates, Inc.
- Jimmy's Trucking Inc.
- LeSaint Logistics, LLC
- Linden Warehouse and Distribution Co., Inc.
- NFI
- North American Warehousing Company
- OctoChem, Inc.
- Pacific Coast Warehouse Co.
- Palmer Logistics
- Skyline Transportation, Inc.
- Southwest Terminals LLC
- USA Container Co. Inc.
- Weber Logistics

CHEMICAL PRODUCER AFFILIATE

- Dober



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Get to know your forklift

Whether a seasoned veteran or new employee, understanding the information found on a forklift data plate should be part of training and always checked before use

Michael Lang NACD

You know your staff, product inventory, and the rest of the operations so well that you can drive your powered industrial truck, or forklift, blindfolded. OK, let's not go there, but take a closer look at your forklift, namely the data plate (also called a weight plate or load plate), for two areas that we'll discuss.

First of all, the data plate is located on the instrument panel near the operating controls. Forklift capacities range from about 3,000 lbs up to 70,000+ lbs. You can find the rated capacity of a forklift on its data plate. The U.S. Occupational Safety and Health Administration (OSHA) states "only loads within the rated capacity of a truck shall be handled."

The forks, mast, carriage, and any attachment(s), on your forklift each have rated capacities too. If you have a forklift with a 10,000 lb capacity, but it's using an attachment with a maximum capacity of 5,000 lbs, the maximum load for that forklift, when combined with the attachment, is only 5,000 lbs.



Raising standards is important

This information should be indicated on the data plate. If it's not, someone has made an unauthorized, potentially dangerous modification. Both the American National Standards Institute (ANSI) and OSHA require data plates for attachments and written approval from the forklift

manufacturer for any alterations that affect the capacity, stability, or safe operation of the forklift.

If a forklift has an attachment, you could receive a non-conformance from an NACD Responsible Distribution® verifier if the attachment is not noted on the data plate. If issued that non-conformance, then the corrective action needed would be a letter from the forklift manufacturer authorizing the attachment.

Also, make sure that you get an updated data plate since any time attachments are added to a forklift, the data plate should be updated to reflect the change in capacity rating. If no response or a negative response is received from the manufacturer, written approval of the modification/addition from a qualified, registered professional engineer is acceptable. A qualified, registered professional engineer must perform a safety analysis and address any safety or structural issues contained in the manufacturer's negative response before granting approval. The forklift nameplates must be changed accordingly. ■

ARE YOUR FORKLIFTS PROPERLY RATED?

The OSHA standard that specifies 11 designations of powered industrial trucks is 29 CFR 1910.178 (b). The ratings include:

- D: Diesel powered units with minimal acceptable safeguards against inherent fire hazards.
- DS: Diesel powered units with additional safeguards to the exhaust, fuel, and electrical systems.
- DY: Diesel powered units that have all the safeguards of DS units, plus do not have any electrical equipment including the ignition. They have temperature limitation features.
- E: Electrically powered units with minimal acceptable safeguards against inherent fire hazards.
- ES: Electrically powered units with additional safeguards to the electrical system to prevent emission of hazardous sparks and to limit surface temperatures.
- EE: Electrically powered units that have all the safeguards of the E and ES units, plus the electric motor and all other electrical equipment are completely enclosed.

■ EX: Electrically powered units with electrical fittings and equipment designed, constructed, and assembled so that the units can be used in certain atmospheres containing flammable vapors or dusts.

■ G: Gasoline powered units with minimal acceptable safeguards against inherent fire hazards.

■ GS: Gasoline powered units with additional safeguards to the exhaust, fuel, and electrical systems.

■ LP: Liquefied petroleum gas units with minimal acceptable safeguards against inherent fire hazards.

■ LPS: Liquefied petroleum gas units with additional safeguards to the exhaust, fuel, and electrical systems.

Some may need to understand the difference between LP and LPS-rated forklifts, in particular the added safeguards with the LPS-rated forklifts.

OSHA – 1910.178 (b) (11)

The LPS-designated units are liquefied petroleum gas powered units that are provided with addi-

tional safeguards to the exhaust, fuel, and electrical systems. They may be used in some locations where the use of an LP unit may not be considered suitable.

OSHA – 1910.178 (d) (2) (v)

In locations used for the storage of hazardous liquids in sealed containers or liquefied or compressed gases in containers, approved power-operated industrial trucks designated as DS, ES, GS, or LPS may be used. This classification includes locations where volatile flammable liquids or flammable gases or vapors are used, but which would become hazardous only in case of an accident or of some unusual operating condition. The quantity of hazardous material that might escape in case of accident, the adequacy of ventilating equipment, the total area involved, and the record of the industry or business with respect to explosions or fires are all factors that should receive consideration in determining whether or not the DS or DY, ES, EE, GS, or LPS-designated truck possesses sufficient safeguards for the location.

Insight Onsite

Azelis' Andy Lovenduski says Code Coordinators achieve their best results when they can count on cross-company support



Jane Gibson London

A day in the life of a Code Coordinator looks the same as everyone else's, according to Andy Lovenduski, director of warehousing & logistics at Azelis; except they have to hide their capes under their business clothes.

Joking aside, Lovenduski believes the role of a Code Coordinator cannot be explained on a day-to-day level.

The job simply requires a prevailing attitude; each day, the Code Coordinator needs to be mindful of what he/she can do to improve on to create a better workday tomorrow.

"The Code Coordinator must have visibility into all areas within the organization," he says. "Starting with senior management, a strong partnership must be established with different levels of the organization to ensure Responsible Distribution is a daily business practice and not just a book on the shelf."

Lovenduski has been a Code Coordinator for just over 10 years. "Years ago, I started as a local distribution center manager, but I believe being the Code Coordinator helped me to understand various aspects of our company, thus enabling me to advance upwards."

DO THE RIGHT THING

Code Coordinators must face a wide array of challenges. "The Code Coordinator must motivate, encourage, remind, push, and cajole other team members to do the right things at the right times. If things were easy, then everyone would be members of NACD. To be verified means your company has taken that step to go beyond the minimum."

"At Azelis, the dedication to Responsible Distribution starts at the top and is reinforced at the different levels throughout the entire organization. This commitment from senior management makes it easier for the Code Coordinators

to align our processes to the Codes of Management Practice."

Lovenduski is keen to point out that the verification process is a team effort. "I am only as valuable as my team members – every part of the organization is valuable when they work together for the sake of the company's commitment to Responsible Distribution."

STABLE WORKPLACE

Responsible Distribution has benefited the company hugely, insists Lovenduski. "At the core of it all, I believe our commitment to Responsible Distribution has kept us safe. Azelis has shipped tens of thousands of orders, hundreds of millions of pounds, and driven thousands of miles without a single lost day due to injury."

"The adherence to doing what's right instead of what's easy, has even helped one of our busiest sites to have a safety record that spans over 11.5 years. At Azelis, Responsible Distribution has helped us send our employees home in the same condition they arrived."

Azelis' safety record speaks for itself. Responsible Distribution has allowed the company to have a strong, stable workplace that maintains the flexibility required to meet the needs of its customers and suppliers. "That has a direct impact on our bottom line," Lovenduski points out.

The best Responsible Distribution achievements come when Azelis has surprise visits from one of the regulatory agencies.

"When that site or department passes because they are 'audit ready', then I know we've achieved something special. Anyone can prepare for an audit if they know it is coming, but the true test is when it happens on a random Tuesday before you've had your coffee."

Lovenduski says it is hard to pinpoint which Code is the most challenging to be verified on, as each has their own, individual challenges. He says the biggest challenge is probably balancing

each one and giving it the time needed to stay compliant.

Many of the Codes will remain the same for the next cycle and are not more challenging per se. "The challenges will come with the changing landscape of the chemical industry, and any new regulations that might be introduced that would affect our business over the next three years."

Lovenduski has often drawn on the help available from NACD. "No one can do this role alone. It takes help from others that have walked the path and are willing to help. The Mentor Program gives the Code Coordinator access to people willing to help, the training available at NACD U gives the foundation needed to continuously improve. Two of the best resources NACD has are the Responsible Distribution workshops and ChemEdge."

USEFUL ADVICE

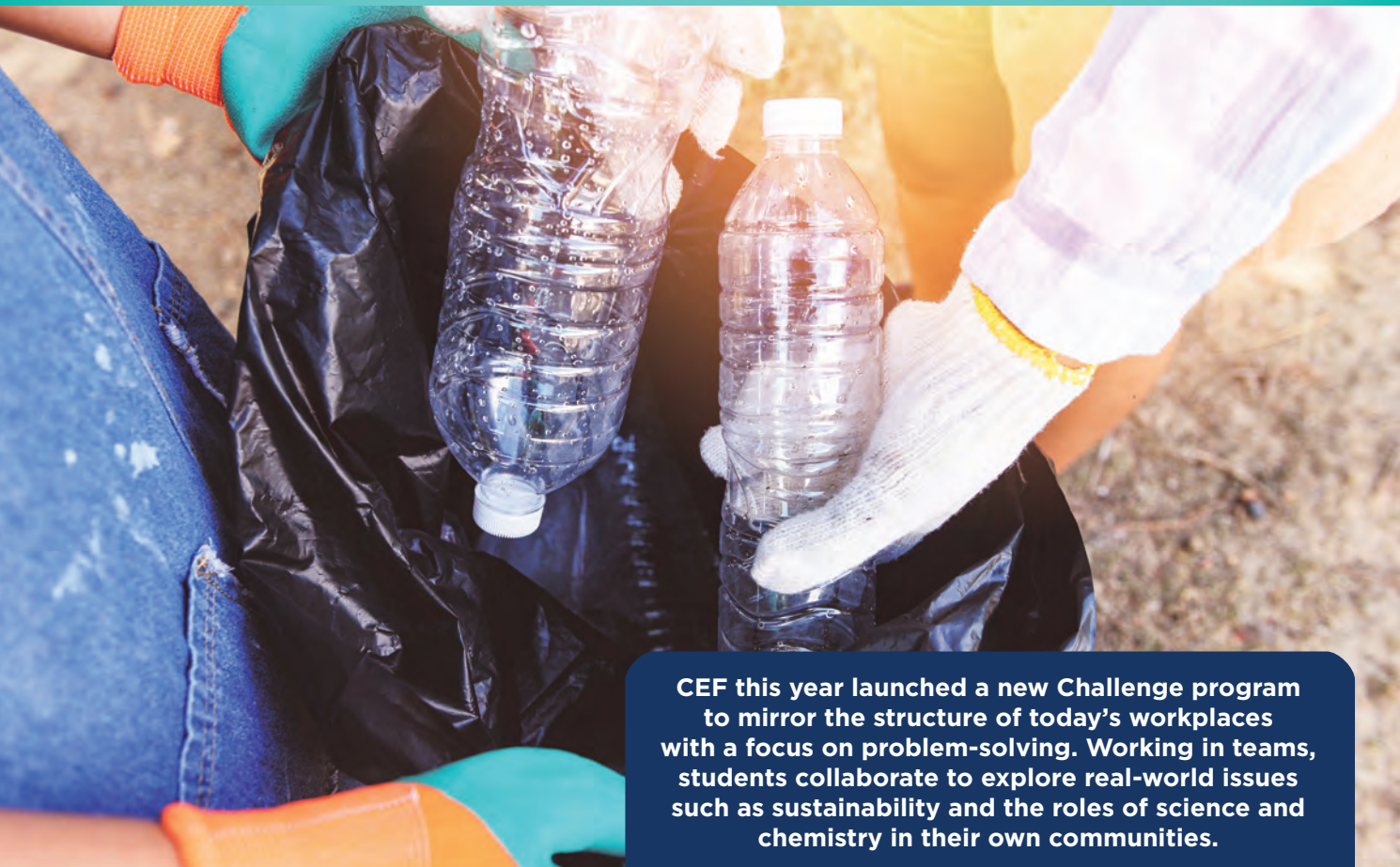
In terms of advice for others in the role, Lovenduski says, "First, take a deep breath, then start moving forward. Understand that not everything can be completed in one day. Start from the beginning and work your way through the Codes. To ensure you've covered all your bases, use the Self-Assessment Report found in the Code Coordinator Manual to make sure every Code is at Stage V and you have evidence to support it. Lastly, create a 'proof book' that contains copies of the evidence that supports your compliance." ■

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



Students Explore Sustainability

Through the *You Be The Chemist* Challenge®



CEF this year launched a new Challenge program to mirror the structure of today's workplaces with a focus on problem-solving. Working in teams, students collaborate to explore real-world issues such as sustainability and the roles of science and chemistry in their own communities.

Houston

New Challenge, New City

June 15-16, 2020 | The Westin Houston, Memorial City | Houston, TX

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EVENTS

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WHAT'S ON****The 4th Annual
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Are you looking for a platform to showcase the ground-breaking projects that your organisation has been working on? You have the opportunity to take your company's achievements to the next level while increasing your credibility within the industry. The 4th Annual Surfactants Awards is back in Jersey City on 14 May with a new format. Companies such as L'Oréal, Procter & Gamble, Eastman and many more took home the prestigious awards in previous years and 2020 may be the year for you! There is only a limited time to submit an entry:

www.icisevents.com/ehome/worldsurfactants/awards

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PET Value Chain Conference: Building a positive future

17 – 18 March 2020 // Amsterdam, The Netherlands

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by **Rana Pant, Policy Officer,
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DATES FOR YOUR DIARY



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Fuel & Petrochemical
Manufacturers

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For more details, contact AFPM
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20-22 April 2019
Hilton Chicago, Chicago, Illinois, US
The World Adhesive & Sealant Conference (WAC) is the most important international event for stakeholders in the Adhesive and Sealant industry worldwide. WAC takes place only once every four years alternating between the United States, Europe and Asia.

For more details, contact Malinda Armstrong at ASC
Tel: +1 301 986 9700 ext 1106
Email: malinda.armstrong@ascouncil.org
www.ascouncil.org/events



Fecc ANNUAL CONGRESS

27-29 May 2020
Milan, Italy

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www.fecc.org/events/annual-congress

WHAT'S ON

FORTHCOMING ICIS EVENTS WORLDWIDE

Conferences

The 15th ICIS World Olefins Conference

4 March
The Westin Palace, Madrid, Spain
Tel: +44 20 8652 4627
Email: saniya.maralova@icis.com
www.icisevents.com/worldolefins

The PET Value Chain Conference: Building a Positive Future

17-18 March
NH Collection Amsterdam Barbizon Palace, Amsterdam, The Netherlands
Tel: +44 20 8652 3616
Email: benjamin.caveen@icis.com
www.icisevents.com/petvaluechain

ICIS Community Exchange

16 April
Mumbai, India
Tel: +44 3946 8509
Email: arun.mandalia@icis.com
eu.eventcloud.com/ehome/baseoils/
ICISCommunityExchanges

The 9th ICIS World Polyolefins Conference

28-29 April (training courses 27 April; 30 April)
The Ritz-Carlton Vienna, Vienna, Austria
Tel: +44 20 8652 4627
Email: saniya.maralova@icis.com
www.icisevents.com/worldpolyolefins

Training

Petrochemicals: An In-Depth Introduction

15-16 March

The Fundamentals of Petrochemical Plant Economics & Forecasting

17 March

The Fundamentals of the Polymers Business

18-19 March

Dubai

Recycled Polymers

16 March

Amsterdam, The Netherlands

Petrochemicals: An In-Depth Introduction

15-16 April

New Jersey, US

An Introduction to Polyolefins: Industry Fundamentals and Market Dynamics

27 April

Vienna, Austria

Petrochemicals: An In-Depth Introduction

28-29 April

Mexico

Recycled Polymers

30 April

Vienna, Austria

Surfactants Business Essentials

12 May

New Jersey, US

Global LNG Markets and Pricing

20-21 May

Houston, US

For all training courses, please contact

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ADAM YANELLI HOUSTON

Styrene

USES

Styrene's main outlets are in polystyrene (PS) and expandable polystyrene (EPS), which together account for about two-thirds of global consumption. Other major uses are in styrene butadiene rubber (SBR), acrylonitrile butadiene styrene (ABS) and styrene acrylonitrile (SAN) resins, with smaller uses in unsaturated polyester resins (UPR), styrene butadiene (SB) latex, styrenated polyesters and others.

Pure styrene is a colourless to yellow, oily liquid that evaporates easily and has a sweet smell. Styrene is highly flammable, forms explosive mixtures in air and is dangerous when exposed to flame, heat or oxidants. On decomposition, styrene emits acrid fumes.

SUPPLY/DEMAND

Supply in the US styrene market tightened in Q1 2020 as AmSty began scheduled maintenance at its 953,000 tonne/year St James styrene plant and INEOS scheduled a turnaround at its 455,000 tonne/year Texas City plant.

AmySty has both styrene units and its ethylbenzene (EB) unit shut down through February and plans a phased ramp-up, allowing additional time for the second styrene unit to complete its maintenance.

INEOS scheduled its turnaround between March and April, although specific dates have not been confirmed.

Given that the styrene plants in the US are old, any time a plant begins a turnaround, there is a chance that the work could last longer than anticipated. There is also the possibility

that another problem could be discovered while the plant is down.

Demand for key styrene derivatives PS and EPS were below expectations in 2019, partially due to increased environmental awareness from consumers and legislative action against single-use plastics in some jurisdictions. PS and EPS account for two-thirds of styrene demand.

Demand for ABS, another styrene derivative, has held steady. ABS is the largest volume engineering thermoplastic resin and is used in automobiles, electronics, appliances and recreational products.

US styrene exports surged in 2019, with Mexico, Brazil, South Korea, Belgium and Netherlands all importing large volumes. Interestingly, Mexico's total imports decreased year over year by 8%.

Europe emerged as a growing destination for US material amid the US-China trade war and China's antidumping duty (ADD) against the US, South Korea and Taiwan, which was finalised in mid-2018. Exports to China fell by 51%.

Exports to the Netherlands, Belgium, Germany and Switzerland rose by almost three times from 2018 to 2019.

The US also imports styrene from Canada in an amount equivalent to 13% of US exports.

PRICES

The US styrene market has two primary feedstocks – benzene and ethylene. Styrene price cues are more closely correlated to US benzene. Prices typically peak in Q1, also the peak season for turnarounds.

The US styrene market continues to deal with poor margins and was pressured for most of 2019 by soft derivative demand.

Crude prices fell by \$13/bbl from the start of 2020, and benzene spot prices followed the downward trend. On-purpose benzene margins are becoming less attractive.

Current spot export prices are hovering near multi-year lows. Prices have fallen almost 30% from their highs during March 2019 and are below 35 cents/lb (\$771/tonne).

TECHNOLOGY

The conventional method of producing styrene involves the alkylation of benzene with ethylene to produce ethylbenzene, followed by dehydrogenation of ethylbenzene to styrene. Styrene undergoes polymerisation by all the

NORTH AMERICA STYRENE CAPACITY '000 TONNES/YEAR

Company	Location	Capacity
Cosmar	Carville, Louisiana, US	1,180
AmSty	Saint James, Louisiana, US	953
INEOS Styrolution	Bayport, Texas, US	770
LyondellBasell/Covestro	Channelview, Texas US	760
LyondellBasell	Channelview, Texas US	510
INEOS Styrolution	Texas City, Texas, US	455
Shell Canada	Scotford, Alberta, Canada	455
INEOS Styrolution	Sarnia, Ontario, Canada	445
Westlake Chemical	Lake Charles, Louisiana, US	260



A full list of plants and projects capacities, forecasts, production volumes and operating rates are available on the **ICIS Supply and Demand database**

common methods used in plastics technology to produce a wide variety of polymers and copolymers. Commercially, styrene is also coproduced with propylene oxide (PO) within POSM (PO/styrene monomer) units.

Although POSM units are widely used in Europe, LyondellBasell is the only styrene producer in the US that utilises POSM units.

OUTLOOK

Seasonal demand for US styrene typically increases during the spring, ahead of the summer packaging season, and again in the autumn, ahead of the winter holidays shopping season.

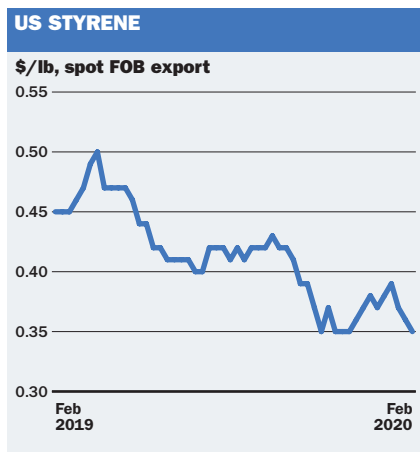
The market is facing headwinds from both a global manufacturing slow down and continued softening downstream demand pressure.

US GDP growth slowed in 2019 to 2.3% with current market expectations showing 2020 will be around 2% by year-end.

Data from Oxford Economics suggests that the US electronics and construction sectors recorded sharp decelerations in 2019, negatively impacting demand for key styrene derivatives polystyrene (PS), expandable polystyrene (EPS) and acrylonitrile butadiene styrene (ABS). ■



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MELISSA HURLEY LONDON

MEG

USES

Monoethylene glycol (MEG) is used in the production of polyethylene terephthalate (PET) resin polyester fibres and films along with automotive antifreeze. Diethylene glycol (DEG) is used in polyols, unsaturated polyester resins and plasticizers. Triethylene glycol (TEG) is mainly used in natural gas dehydration and as a dehumidifier.

SUPPLY/DEMAND

2019 was one of the toughest years for European MEG market players as spot prices and margins hit historic lows, marred by poor downstream demand and the ongoing wave of increased global capacity entering the market.

Lotte Chemicals (760,000 tonne/year) and Sasol (250,000 tonne/year) started up new US plants in February and April 2019, respectively, and MEGlobal started up its 750,000 tonne/year US plant in October 2019. The US shifted from net importer to net exporter of MEG in early 2019, and shipments to Italy, Turkey, Germany and Belgium all increased significantly. 25% tariffs on US EG shipments to China were previously implemented. This deterred US exports from entering China for a time but then exports resumed in 2019.

In Asia, Malaysia's PRefChem (750,000 tonne/year) and China's Zhejiang Petrochemical (750,000 tonne/year) and Hengli Petrochemical (900,000 tonne/year) started up new plants in the first quarter of the year, increasing global supply. The coronavirus (Covid-19) outbreak caused Chinese inventories to rise

and prices to drop after the extended Lunar New Year holiday.

PRICES

In 2019, MEG prices fell to historic lows and lifted in September after the Saudi Arabia refinery attacks but by Q4, there was continual pricing pressure on ample supply and weak demand despite the upstream ethylene oxide (EO) turnarounds in Europe. Co-product DEG spot prices performed better than expected, staying at a premium to MEG with solid demand by comparison in 2019. TEG, the smallest co-product was on a downtrend, throughout 2019.

Producers have experienced significant negative margin pressure from high ethylene feedstock costs. Buyers have also experienced poor downstream demand. Production costs remained stable for the first two months of 2020, with a peak seen at the start of the year, but were falling by mid-February. MEG contract discounts increased in 2020, given the increased supply levels available to Europe during 2019 and the challenging demand situation. This led to some contract customers attempting to move away from traditional agreements with suppliers to spot based formula pricing, increasing flexibility within contracted volumes.

2020 Q1 European spot conditions started off on a stronger footing with bulk prices surging in January on a combination of restocking demand, increased spot purchasing and tightness of prompt material caused by vessel import delays. The higher US freight rates and tight vessel space for MEG imports, is an ongoing issue for import market players. China is the biggest net importer of glycols and weaker demand could send ripples throughout the market. Despite the unattractive arbitrage from US to Europe, market players might see more pressure on supply if the outbreak continues to impact demand.

TECHNOLOGY

EO is produced by the direct oxidation of ethylene in the presence of oxygen or air over a silver oxide catalyst. A crude ethylene glycol (EG) mixture is then produced by the hydrolysis of EO with water under pressure. Fractional distillation in a vacuum separates MEG from DEG and TEG.

Japan's Mitsubishi Chemical developed a catalytic process while in China, a coal-based

EUROPE MEG CAPACITY '000 TONNES/YEAR

Company	Location	Capacity
BASF	Antwerp, Belgium	325
Sibur Neftekhim	Dzerzhinsk, Russia	300
INEOS Oxide	Antwerp, Belgium	290
INEOS Oxide	Dormagen, Germany	160
Shell Chemicals	Moerdijk, Netherlands	155
Clariant	Gendorf, Germany	140
Nizhnekamskneftekhim	Nizhnekamsk, Tatarstan, Russia	140
Industrias Quimicas Del Oxido De Etileno	Tarragona, Spain	106
Petkim Petrokimya	Aliaga, Turkey	90
PKN Orlen	Plock, Poland	85

A full list of plants and projects capacities, forecasts, production volumes and operating rates are available on the **ICIS Supply and Demand database**

technology via synthesis gas and oxalic acid is used. Avantium have a pilot plant in Delfzijl, the Netherlands, which opened November 2019, using bio-based MEG production converting industrial sugars into glycols.

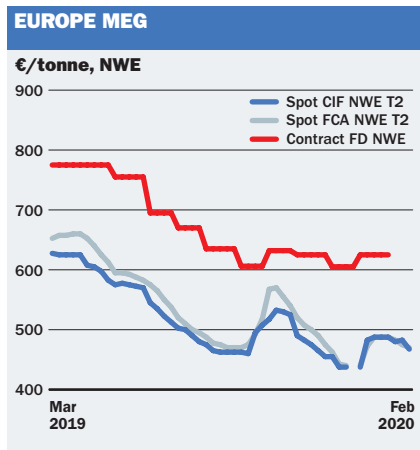
Braskem and Haldor Topsoe pilot plant based in Denmark started in 2019 and focused on technology for developing renewable bio-based MEG from sugars. The plant has a capacity of more than 100 tonnes/year of glycolaldehyde, which is converted into MEG.

OUTLOOK

According to Rachel Qian, ICIS lead analyst, the global MEG market is expected to remain weak in February 2020, before strengthening in the second quarter after normal activity is expected to resume. ICIS forecasts that February China MEG demand will fall by 20%. China's polyester operating rate is currently at 60%, a relatively low level compared with the same period in the previous few years. China demand is expected to strengthen after major economic activities recover gradually from March, if the China government contains the coronavirus outbreak and the economy recovers. ■



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