

PRESENT THE SOAP AND DETERGENT ASSOCIATION'S

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SUSTAINABILITY, ECONOMY DRIVE DISCUSSION AT SDA

The Soap and Detergent Association annual meeting and industry convention in Boca Raton, FL convened this week amid a backdrop of uncertainty related to the global economic downturn that has the sector cautious about 2009. Demand in soap and detergent sector has held up well relative to other parts of industry but consumers and suppliers are closely monitoring conditions, attendees say.

"There is some somberness in the overall market," says Frank Sherman, SDA board chair and president and general manager of AkzoNobel Surface Chemistry, addressing the mood of the show. "I think the consumer business is a little less affected than most other markets. Consumer applications are less affected than industrial applications, but the whole market has suffered from the run up of high raw material and energy prior to the fourth quarter of last year," he says.

Trends that drive demand and development have not changed, he adds. "Sustainability is still a big push, and there will be a trend of more value products because of the recession. I think there's still an interest in greater convenience in home applications" that will drive demand, Sherman adds.

Sustainability is being rewarded, he adds. "It is becoming more valued so consumers pay for that," Sherman adds. "Formulators will try very hard to try to hit the right value for performance products,

Evonik Goldschmidt. "2007 was an extraordinary year for the business, I'd say current conditions are more like 2006," which was still a strong period, Del Guercio says. "The household sector is doing very well compared to how other sectors of industry are doing now," says Reinhold Brand, president of Evonik Goldschmidt.

Supply chains are being run extremely lean, which is having an effect on volumes, Brand says. "Big companies and retailers have drawn down inventories and this has had an effect on demand," Brand says. "This has a positive effect on cash flow, which is why it is being done." Suppliers are also doing this keeping a close eye on inventories, raw material levels and costs, and utilization. "We are finding out how to operate at these lower inventory levels without running out of product," Brand says. "We have seen

some short-term spikes" as demand returns, which has caused some volatility in prices. "This should calm down as the market moderates," he adds.

Trends are continuing on the compaction side, customers want innovation that allows cold-water

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Executives get to work during SDA Convention Week

but the trend is so strong that people will pay for sustainable products."

Demand and volumes have weakened but are holding up better than the overall economy, says David Del Guercio, senior v.p. and general manager/consumer specialties and household care at

SDA OFFICIALS OUTLINE REGULATORY, OUTREACH CHALLENGES

Soap and Detergent Association (SDA) officials outlined key challenges facing industry at the group's annual meeting this week, including efforts to increase chemical management programs on a state-by-state basis, more environmentally preferred product (EPP) and retailer programs, and efforts by environmental groups to build support for adoption of broad lists of chemicals targeted for product bans or replacement. The challenges will be met with an emphasis on a science-based approach to advocacy, SDA officials told attendees at a issues briefing on January 28 at the 83rd SDA Annual Meeting in Boca Raton, FL.

A top priority for SDA this year will be monitoring of state-by-state chemical management initiatives and any efforts that unduly target industry. "Cleaning products are among those most vulnerable to general chemical management legislation and regulation," says Ernie Rosenberg, president and CEO of SDA. Partnering with allied associations and state-based coalitions and in some cases NGO's, SDA's strategy for such legislation is to advocate for a comprehensive, risk-based strategy on the federal level. "Firm federal action is expected to reduce, but not elimi-

nate, pressures for more stringent state action," Rosenberg says. New leadership in the White House and at the EPA presents another challenge.

listing of chemicals will validate environmentalists' concerns, which are then picked up by retailers, he says.

Federal environmental policy is increasingly being directed by California politicians who now control key Congressional posts and have ascended to Cabinet-level positions in the Obama administration. Federal regulation is "likely to reflect California policies," Rosenberg says.

Another SDA priority will be navigating TSCA reform, which is likely to advance this year. The issues are not new, according to Dennis Griesing, v.p., government affairs. Environmentalists want comprehensive assessment of all chemicals and control of high-priority chemicals, he says. Environmental groups will oppose federal preemption because they want to pass legislation at the state level and use that precedent for federal implementation, he says.

The SDA has come out early to support of EPA's Chemical Assessment and Management Program (ChAMP) because "just defending TSCA is a losing proposition," Rosenberg says. ChAMP uses existing data targeting approximately 6,750 chemi-

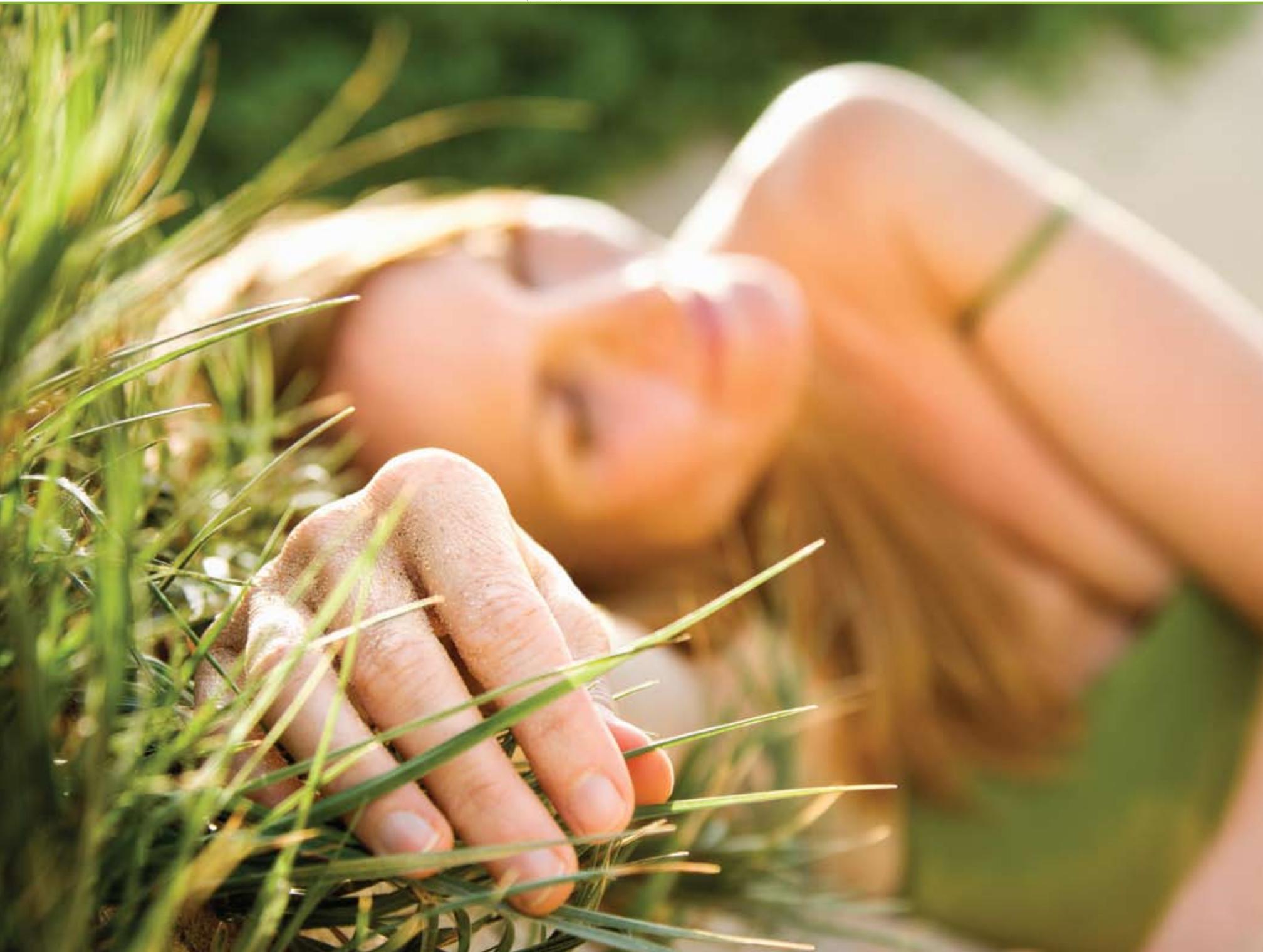


SDA Board Chair Frank Sherman, AKzo Nobel (at podium), kicks off SDA's Issue Briefing

"We can expect to see an administration that is more than willing to let the states lead," which could result in the proliferation of state chemical management initiatives, such as those underway in California, Rosenberg says. An increase in adverse

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CRODA

VETERAN INDUSTRY RESEARCHER, SCIENTIST LAUDED FOR CONTRIBUTIONS TO SDA KNOWLEDGE, EXPERTISE

UNILEVER'S JACK LINARD HONORED WITH 2009 SDA DISTINGUISHED SERVICE AWARD

Dr. Jack Linard, a longtime researcher and scientist for Unilever, is the 2009 recipient of The Soap and Detergent Association (SDA) Elva Walker Spillane Distinguished Service Award.

The award recognizes extensive or exceptional service to SDA and the exercise of outstanding leadership within the Association that promoted the growth and interests of the SDA and the industries it represents. The award was presented at SDA's 2009 Annual Meeting and Industry Convention in Boca Raton, Florida.

Dr. Linard has worked for Unilever for nearly 26 years in a variety of research and development assignments, primarily in the laundry category, and provided leadership related to public policy in the areas of health and environmental safety.

He began his involvement with the SDA in the early 1990's, initially through his participation in the Consumer Education Committee's work on high efficiency laundering.

Linard also served as the first chairperson of



Linard: More than 25 years of industry service.

SDA's Strategic Advisory Committee (as well as its predecessor group) and was the co-chair of the International Committee for many years. He also has been a member of the Association's Environmental Fate and Effects Subcommittee, the Public Relations Committee, Ingredient Communication Task Force and Green Guides Workgroup.

"If the term 'sweat equity' had a picture, it would be a portrait of Jack Linard," said Ernie Rosenberg, SDA President and CEO. "Jack has contributed so much to SDA's expertise, industry leadership, knowledge and reputation. He has been and continues to be a greatly valued resource to SDA and all of our members."

Linard's current responsibilities with Unilever include the management of Unilever R&D's regulatory compliance activities, external issues impact-

ing Unilever on both a North American and global scale and the management of Unilever's Institutional Review Board in the United States. Additionally, he has been an active participant in Wal-Mart's Chemical Intensive Products Sustainability Network since its inception in October 2005.

In addition to his work with SDA, he also represents Unilever on a number of committees of the Personal Care Products Council and the Grocery Manufacturers Association. Linard received his Ph.D. in Inorganic Chemistry from Northwestern University and a B.S. in Chemistry from Davidson College, Davidson, North Carolina.

The SDA Distinguished Service Award is named in honor of the late Elva Walker Spillane, the former National Purity LLC chief executive who served on SDA's Board for 20 years.

SUN PRODUCTS, HUNTSMAN EXECUTIVES NOMINATED TO SDA BOARD

The SDA Board of Directors will vote on two new nominees to join the Board at its January 30 meeting.

The executives nominated are William Littlefield, executive vice president and general manager/branded products of Sun Products Corp. and Janice Mabe, v.p./intermediates Americas at Huntsman Corp. The Board also will vote on the following slate of



Lopes: Focus on understanding customers and end markets



Lopes: Focus on understanding customers and end markets

SDA officers for 2009:

- Board Chair - Frank Sherman, President and General Manager/surfactants at Akzo Nobel.
- Board Vice Chair - Jane Hutterly, Executive Vice President, Worldwide Corporate & Environmental Affairs, S.C. Johnson & Son.
- SDA President - Ernie Rosenberg.
- SDA Treasurer - Larry Peiros, COO, North America, The Clorox Co.
- Corporate Secretary - Michelle Radecki, SDA General Counsel.

BUILDING BRANDS THROUGH "NEUROMARKETING"

Martin Lindstrom, CEO of the Lindstrom Company, addressed the opening breakfast on Thursday, outlining the impact that "non-conscious" decision making can have on sales, marketing, and brand effectiveness. To find out what people really think about a product, Lindstrom scanned the brains of consumers using functional magnetic resonance imaging (fMRI)—a special type of MRI scan that measures neural activity in the brain. "fMRI shows how areas of the brain change while the experiment changes," Lindstrom says. By using fMRI, Lindstrom can see areas of the brain that "light up" in response to different stimuli, such as brands, logos, and marketing techniques. Lindstrom uses the term "neuromarketing" to describe selling a brand to the consumer's subconscious. "It's a combination of science and advertising," Lindstrom says.

"Use subconscious communication to sell your brand or product," Lindstrom says, citing smell, sound and vision as elements that, when combined, contribute to a successful brand.

Brands should have a ritual, Lindstrom says, because brands that have consumption rituals attached to them—for instance putting a lime in a bottle of Corona—tend to sell better and are more memorable to consumers.

Lindstrom also mentions a technique he calls "smashing a brand"—the consumer should know what the product is even if the logo is removed and the product is smashed into pieces. "Consumers should be able to know what the product is just by its smell, shape, or tactile sensation," Lindstrom says. "We tend to forget rationality when building brands," says Lindstrom. "This is our opportunity to do something different."

Chemical Week

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SDA MEMBERS TAKE CARE OF BUSINESS AT 2009 CONVENTION

Whether they attended SDA committee meetings, policy briefings, networking sessions, or meetings along Cabana row, SDA member companies maximized their time at the industry's premier event for business interaction and information sharing.



From left - Ian Edwards, Twin Rivers Technologies; Balasaheb Gaikwad, WVF; Art Mergner, Stepan; and Sanjay Trivedi, Chemithon



From left - Vanessa Zapata, Shell Chemical; Joe Carberry, Rhodia; and Martha Hilton, Shell Chemical



California State Senator Joe Simitian (D) and SDA Board member Jane Hutterly, SC Johnson & Son, Inc., take part in SDA's Ingredient Communication Task Force meeting



From left - David Del Guercio, Reinhold Brand, Patrik Wohlhauser and Claus Rettig from Evonik Goldschmidt and Evonik Degussa GmbH



Manfred Trautman (left), Clariant; and Tom Nelson, P&G Chemicals



Martin Wolf, Seventh Generation; and Jan Wengler, Reckitt Benckiser



From left - Mike Parkington, Unilever; SDA Board Chair Frank Sherman, Akzo Nobel; Keith Weed, Unilever; and SDA Board nominee Bill Littlefield, Sun Products Corp



Croda President, Kevin Gallagher



Elvio Piccolino (left), Ciba Specialty Chemicals, and Art Hein, Jarchem Industries

HEALTHIEST NATION ALLIANCE

Members of SDA meet with officials from the Centers for Disease Control and Prevention to discuss the Healthiest Nation Alliance, which is fostering a dialogue on improving health and well-being across America.





A NEW SPIN ON SOAP DEMAND

The slowing economy threatens to pull the plug on growth in the soap and detergent market and move consumer buying patterns toward less costly products. Suppliers say a combination of careful cost-control and increased collaboration with formulators will be their best defense through the global downturn.

Soap and detergent makers remember 2008 as a year of considerable uncertainty as upstream costs left margins in disarray up and down the supply chain. Formulators and suppliers are no more certain about this year. Most suppliers expect their sales to be flat or, in the best-case scenario, to grow "at a constrained pace" due to the recession.

"Some soapers have divested noncore or underperforming operations in the last year. Unilever sold its edible oil business in Côte d'Ivoire and interests in local oil palm plantations to Wilmar International and Olam International joint venture SIFCA (Abidjan, Côte d'Ivoire) for an undisclosed sum late last year. The company completed the \$1.45 billion sale of its laundry detergent business in Canada, Puerto Rico, and the U.S. to private equity firm Vestar Capital Partners (New York) in September. The transaction included a manufacturing plant at Baltimore and the All, Snuggle, Swift, and Wisk brands. Henkel sold its 29.4% stake in Ecolab, roughly 72.7 million shares, late last year via a public offering. Ecolab purchased about \$300 million of those shares directly from Henkel."

Many of the soapers' investments and acquisitions in the last two years have targeted natural ingredient product lines, which will help them meet rising consumer demand, analysts say. The number and types of retailers that now carry products based on "green" or natural ingredients has risen in recent years, they add.

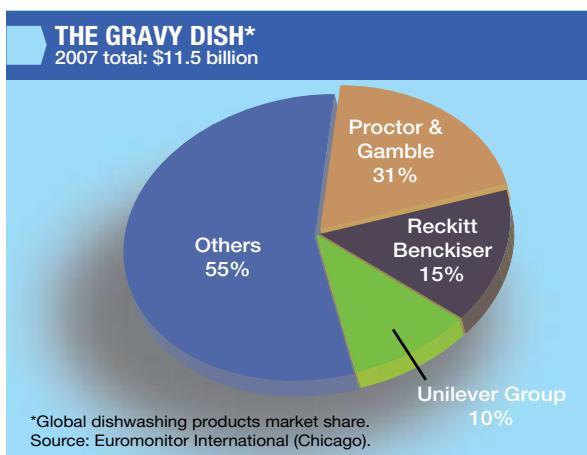
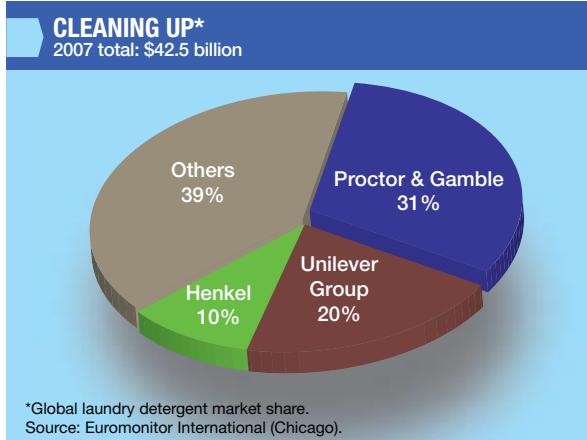
Deals in the last 18 months include Clorox's late 2007 purchase of privately owned personal care products maker Burt's Bees (Durham, NC) for \$925 million in cash. The deal gave Burt's Bees a wider distribution network and secured Clorox's position in the fast-growing, higher-margin, consumer-product categories, analysts say.

Clorox has had some success in the U.S. natural ingredient market. The company says its Green

Works brand product line, which uses plant-based ingredients, has captured 42% of the market since its introduction early last year.

Other investments include Church & Dwight's (C&D; Princeton, NJ) plans to build a \$170-million integrated laundry detergent plant and distribution center at Jackson Township, PA.

Soapers are not expected to immediately bear the worst of the recession as consumers still need to



do laundry and wash dishes, suppliers say. Laundry detergent sales in 2008 were more resilient to the economic environment than many other consumer product segments, they say.

Laundry detergent was a \$42 billion global business in 2007, which has grown a total of 34%

since 2002, says market research firm Euromonitor International (Chicago). Even so, many formulators and suppliers are bracing for a tough year.

Laundry detergent is "recession-resistant" but not "recession-proof," says Janice Mabe, director/base surfactants at Huntsman. Suppliers need to be aware of shifting buying patterns among consumers, including how their "money-saving" mode may affect surfactant demand, Mabe says. Value brand detergents generally have lower levels of actives, she says.

Consumer spending changes due to the recession can also be an opportunity "to listen to customers and understand end markets and order patterns," says Carlos Lopes, global marketing director at Dow Chemical's Dow Fabric and Surface Care.

The slowdown will drive consumers to "look at overall value, but [consumers are] not willing to sacrifice performance or convenience of their cleaning products. Although there will be some bargain shoppers, consumers will not completely move away from premium, high-performing, and innovative purchases," says Shafeek Razak, marketing manager at BASF.

Ongoing demands from formulators include ingredients that strengthen product sustainability claims, suppliers say. "Green is more than a trend; it is a need that is as important as functional performance to many brand owners nowadays," Lopes says.

The second-biggest green formulation trend behind the use of natural ingredients, calls for ingredients that enable further concentration of formulations, or compaction, as well as cold water washing, Lopes says. "Up to half of our key market segments are inquiring about this."

Compaction reduces packaging as well as transportation volumes and fuel use, suppliers say. Cold water washes reduce energy consumption, suppliers say.

The progress made so far in compaction represents the "easy stuff," however, says David Del Guercio, senior v.p. and general manager/consumer specialties, household care at Evonik Goldschmidt. "A lot of what has been done to compact formulas has been applying mainly already known technical approaches. Next-generation compaction will require more challenging chemistry and innovation to maintain minimally today's performance and improve sustainability."

Meanwhile, the uncertain economic outlook this year has forced many industry suppliers, like their customers, to cut back growth projections. P&G Chemicals is being "more conservative than optimistic in our forward-looking projections for 2009. We must face current reality and adjust as needed," says Tom Nelson, global sales director for P&G Chemicals. "Our customers and consumers are seeking value, and innovation at the right price is key."

Huntsman is anticipating demand to be flat in the surfactant market this year, Mabe says. The company commercialized methyl ester ethoxylates (MEEs), a class of nonionic surfactants, last year and expects the product to help offset potential recessionary sales declines, however, she says.

Evonik says it has reduced overtime at its factories and is using spare capacity for training staff. "At the moment demand is not down so severely that we have to shut down any sites," says Reinhold Brand, president of Evonik Goldschmidt and Evonik's Stockhausen superabsorbent and occupational skin care company.

Enzyme suppliers are also cautious about this year. Some of the growth that had been expected in emerging regions may be curtailed, they say.

Cost-conscious consumers may trade down, in terms of quality, to products that use fewer

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MARKET OUTLOOK (CONTINUED FROM P.6)

enzymes, says Peder Holk Nielsen, executive v.p. for Novozymes' enzyme business unit.

The tendency of consumers to trade down to "value brand" detergents is usually "more or less a temporary effect," says Floris Luger, v.p. and manager at Genencor's Fabric & Household Care business. Enzymes "are more expensive than other ingredients on a per-kilogram basis but are cheaper overall when you consider their performance," Luger says.

Soapers will be looking for ways to add more value to their products to coax customers back to their brands, Luger says. The trend to increase value and differentiate from others will favor the use of enzymes, he says. Increased living standards will also continue to expand enzyme demand, he adds.

"A number of detergent makers are looking for stability and believe that in the longer term biotechnology has a better proposition than oil has," Nielsen says. "The detergent input costs of oil are significant, and all are keen on replacing it in their formulas. Overlying cost drivers for enzymes are very different than those for petrochemically derived surfactants."

The increasing penetration of dishwashers will also equal increased use of enzymes, Luger says. Some 65% of homes in North America have dishwashers, and the number is lower in Europe, he says.

This sector is growing fast, however. Global retail sales of automatic dishwashing products in 2007 increased nearly 50%, to \$3 billion, since 2002, Euromonitor says.

Detergent enzyme growth was constrained from 2000 to mid 2007, but it has been growing fast since, Nielsen says. That is because of cost benefits and sustainability concerns, he says. Novozymes' detergent enzyme sales grew 15% for the first three quarters of last year, and the company projects that its laundry detergent and pre-spotter enzyme business will rise 10%-12% in its 2008 fiscal year, he adds.

The ability for enzymes to replace other ingredients in detergents will also drive the enzyme market's growth, enzyme suppliers say. "Up until now, formulators have been replacing 5%-10% of the surfactants in a formulation with enzymes. Now it is possible to take out 25% and get the same performance," Nielsen says.

Other supplier growth drivers include targeted M&A, suppliers say. Rhodia recently signed an agreement to purchase specialty surfactant manufacturer McIntyre Group (Chicago) for \$100 million. The acquisition extends the product range for personal cleansing at Rhodia Novecare, a Rhodia unit, and extends Rhodia Novecare's offering for hair care, home, and institutional and industrial markets, Rhodia says. About 90% of the McIntyre Group business is in home and personal care, Rhodia says. The acquired company also manufactures chemicals for the oilfield market, and it may offer opportunities in other applications, such as agrochemicals, Rhodia says.

The deal is in line with Rhodia's strategy of growing in areas and leveraging technologies in which the company already has leading positions, says Tom Benner, v.p. and general manager at Rhodia Novecare in North America.

Meanwhile, suppliers are uncertain on whether raw material costs are likely to rise this year. Costs were volatile last year amid rising crude oil prices and soaring demand for biodiesel and alcohol-based fuels, which compete for some of the same raw materials used in soaps and detergents. "In 2008, the incredible volatility and run ups in raw material and energy costs were felt across the board and around the world," says Raymond Schill, global market manager/primary materials at Rohm and

Haas (R&H).

Crude oil costs have fallen considerably since third-quarter 2008. Prices for ethylene, a key component in ethoxylates, have fallen as well. Costs for natural oils used in some soap and detergent formulations have also fallen, Mabe says.

Oleochemical markets looked much the same as petchems in 2008, suppliers say. "This is a new market the industry has been learning to operate in," Mabe says. "There is a stronger link now between



Del Guercio: Business will continue to grow, but pace will slow.



Brand: Demand is not so bad that shutdowns are necessary.

petrochemical and oleochemical prices," she says. Both types of chemicals will be needed in the marketplace to meet global demand, she adds. Linear alkylbenzene (LAB), which is produced almost exclusively from petrochemicals, remains a staple in



Lopes: Focus on understanding customers and end markets



Nelson: Demand is for value, innovation at the right price

the detergent formulator's toolbox, Mabe says.

The availability of raw material alcohols improved throughout 2008 due to capacity additions, suppliers say. However, supply of other some raw materials has come under pressure. Many chemical makers that sell mainly to markets including automotive, construction, and textiles are severely cutting back production. "But some chemicals used in cleaning products—for example, chelating agents—are key components of many formulations and are in notably short supply" due to those cutbacks, Lopes says.

The market for fragrances used in detergents is also tight "as certain ingredient suppliers conclude that capacity investments can not be recovered at today's price points," says Colin O'Neill, Givaudan president/fragrances USA and executive v.p./global consumer products. "It is becoming very difficult for some chemical suppliers to remain economically viable with the price sensitivity and pressure at retail feeding all the way back through the supply chain."

Another concern is the European Union's Registration, Evaluation, and Authorisation of Chemicals (Reach) program, the pre-registration phase of which closed last December with the pre-registering more than 2.75 million chemicals. Some chemical companies may decide that the money they make on a particular chemical may not be worth the investment in Reach compliance, Brand says. "Some may look at the cost of investment, and begin to consider whether they will be in the business in ten

years. If their position is small, they may choose to exit rather than register." Customers would then have to choose whether to switch suppliers, if available, or help to bear the cost burden of the registration, Brand says.

There are also environmental concerns about phosphates, which are under increasing pressure in the U.S. and other regions. The soap and detergent industry is seeing a shift to non-phosphate formulations, Schill says. "Similar efforts are getting under way in Europe and Middle East," and more and more laundry detergents are being formulated without phosphates in Asia, Eastern Europe, and Latin America, he says.

All major automatic dishwashing detergent producers in the U.S. are reformulating products due to state bans on phosphates that will go into effect by July 1, 2010, Schill says.

Many suppliers say the push for greener products goes beyond regulatory mandates as more companies implement sustainability standards and develop new products. The economic downturn will not stop this trend, suppliers say.

"Sustainability is not the cause du jour," O'Neill says. "The benefit goes beyond just good for the earth. The value of sustainability impacts our business model, people, products, environment, and society as a whole," he says.

Claiming that a product is made from natural ingredients is "a valid approach, but requiring some marketing spin since the ingredients are becoming non-differentiated and widely available," Méric says. "The other, more thorough, approach to a sustainable product offering goes beyond green ingredients. It analyzes the entire life cycle—the energy footprint of production and reducing the cycle time, temperature, and water usage. It requires a good command of surfactants and polymers synergistic interactions."

In 2008, about 2%-5% of the \$17.5 billion U.S. cleaning products market was considered green, says Bruce Boynick, senior associate at consulting firm Kline & Co. (Little Falls, NJ). "If a cleaning product requires either more of the product or more hot water to get the job done, then it's not really green," Boynick says.

There is no industry-wide recognized standard for what is actually considered green. However, "a green designation on a product label is often a tiebreaker between two products on the shelf," provided the consumer does not have to make trade-offs in performance, Casper says.

Meanwhile, there have been numerous product introductions in the last year. Dial says it will introduce an antioxidant cranberry-infused body wash and bar this quarter and that it will add to its Pure and Natural line this year. The product line uses 98% natural ingredients, Casper says.

Dow launched its ECOSURF™ SA line of biodegradable, non-ionic surfactants last year and is extending that line this year. This latest ECOSURF EH Specialty Surfactants will enable customers to work in more concentrated formulations while considerably improving functional performance and providing formulation flexibility to formulators, Lopes says.

BASF says they have launched Luvipur 10, a new additive that enhances the cleaning power of liquid laundry detergents. "Manufacturers can either increase the detergent power of liquid detergents and concentrates by adding Luvipur® 10, or save on the use of active ingredients, such as anionic surfactants, which can lead to cost savings," Scheffler says.

Evonik introduced an emulsifier for care care in the second half of 2008. The product, called Car Spray 800, is orders of magnitude more biodegradable other product offerings, Del Guercio says (p. 11).

—CW staff

Continued from page 1

cals for assessment and possible proposal of controls on high priorities by 2012.

After successfully defeating a tax credit in 2008 for the mixing of animal fats and petrodiesel at refineries – a move that would have essentially sucked tallow supply out of the market – the SDA will work this year to prevent new and expanded biofuel credits, modify the Renewable Fuel Standard with respect to fats, and seek exclusion of fats from broad feedstock definitions such as biomass, Griesing says. SDA's efforts to date have extended its network of Congressional and political contacts, which will be helpful in its continued efforts to ensure equitable feedstock access, he says.

SDA is also prepared to meet the challenge of significantly expanded efforts toward "Environmentally Preferable Products" (EPP) in 2009 with risk-based review founded upon sound science. The organization has already defeated measures in California, Maryland, Virginia and Washington, and has been watching many more states for legislative or regulatory activity. EPP procurement efforts are underway in South Carolina and Washington and are expected this year in several other jurisdictions.

The sector must also contend with public perception challenges. "Product categories, brands, and ingredients remain under attack" by activists, academics, and sympathetic reporters, says Brian Sansoni, SDA v.p./communication and membership. SDA is strengthening efforts aimed at becoming the "go-to source" on cleaning product safety and effectiveness, he says. This enables the organization to "counter misinformation with

good information." In one example, SDA was featured prominently on "Good Morning America" in a report on the "mix-at-home" trend. SDA was also able to pre-empt a one-sided attack on cleaning products on "The Today Show" with effective media outreach and an online ad buy directing Internet searchers to SDA sites, Sansoni says.



Convention attendees gather at SDA's Global Industry Update.

Global regulatory issues were addressed in a panel held on Tuesday.

Producers in Europe continue to grapple with uncertainties surrounding the early stages of the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (Reach) legislation, says Sylvie Lemoine, director/technical and regulatory affairs at AISE (Brussels), Europe's Association for Soaps, Detergents and Maintenance Products. Reach pre-registration last year generated more than 2.6 million filings, about 20 times what the European Chemicals Agency (ECHA; Helsinki) expected, Lemoine notes. ECHA expects 20,000 registrations dossiers

expected by 2010.

"Significant uncertainties remain on registration scope and exemptions," Lemoine says. Questions remain about how mixtures will be regulated, a key concern for the sector. Reach is a "learning-by-doing exercise for authorities and industry," she says.

Significant hurdles and questions remain around implementation. Guidance tools and IT tools have not been finalized. Reach regulations will be circulated at the EU level, but enforcement falls to individual countries, which could result in "diverging interpretations among member states," Lemoine says.

AISE also continues to monitor the EU's Globally Harmonised System of Classification and Labelling of Chemicals (GHS) legislation. AISE advocates "development of a sound, transparent, efficient and externally recognized system that ensures appropriate and harmonized classification of AISE products and optimizes use of current information," Lemoine adds.

In Japan, the Japan Soap and Detergent Association (JDSA; Tokyo) is tracking initiatives around chemical substance control law amendments, pollutant laws, and carbon footprint labeling initiatives, says Shigeo Ishii, senior managing director at JDSA.

Amendments to Japan's chemical substances calling for tiered risk assessment of all chemicals based on exposure levels and hazard. The law is expected to be submitted to Japan's Diet later this year with full enforcement expected in 2011.

Japan's Pollutant Release, Transfer and Register (PRTR) law is seeing changes to lists of chemicals covered that will bring certain chemicals under its control, he says.—CW staff

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Continued from page 1

formulations and effectiveness in lower temperatures. "A primary concern from customers is that suppliers keep up with the level of innovation," Brand says.

Consumers are driving the push for more sustainable products, says Sharon J. Mitchell, senior v.p./research & development, global fabric care at Procter & Gamble (P&G).

P&G's innovation process incorporate the company's life cycle assessment tool, which assesses overall use of energy and materials by products from creation of raw materials, through consumer use, and to final disposal. One key factor in successful applications is that performance is not diminished, P&G says. "Early attempts sometimes asked consumers to trade off performance for other attributes," she says. "Those were not successful products."

P&G's innovation and sustainability efforts focus around four broad themes: more efficient use of energy, water, and materials and increased use of renewable raw materials. Reducing energy usage is a key sustainability driver. "The single biggest lever we have [in sustainability and energy efficiency] is to get consumers to use cold water," Mitchell says. Cold water use would reduce energy costs per load by 70%, and a saving of 3% of all household electricity, she adds.

Henkel's strategy for managing the uncertainty of 2009 includes maintaining close communication with the value chain. "There is a greater focus on supply chain management and selection of partners says Bertrand Conqueret, corporate senior

v.p., purchasing at Henkel. "Discussions [at SDA] were very constructive, and concrete targets were set." Henkel rates its suppliers based three criteria: "cost out, risk management, and value in."

There are a lot of "different scenarios but no real answers" on the economic outlook for 2009, says Thomas Muller-Kirschbaum, Henkel corporate senior v.p., laundry and home care. "The only thing we can do is keep a clear vision of what we would like to achieve in the next few years. We are looking ahead to the next peak, but will manage what comes this year."

Demand for enzyme-based products is increasing, says Per Falholt, executive v.p. of research and development at Novozymes. "Sustainability is driving demand. The idea that you can do more with less," Falholt adds. Novozymes continues to grow, Falholt says, and continues to use enzyme technology to enhance performance in its products.

Consumers are also willing to pay extra for more sustainable products. "I think we see people are willing to pay more for sustainability," Falholt says, citing the efficiency and lack of carbon dioxide waste produced when sustainable products are used.

Novozymes still expects to grow in 2009, "Though it may now be as much as 2008, which was about 13%," Falholt says.

Sustainability continues to be a key theme across the markets Rhodia serves, says Pascal Juery, president of Rhodia Novecare. "A vast amount of product development is toward more ecofriendly solutions" such as including less material, reducing impact from VOCs, and

using nontoxic materials, he says. The reaction of Rhodia's customer base to the company's recent McIntyre Group acquisition has been positive, Juery says. Close of the \$100 million deal is expected by the end of the first quarter. Despite excitement over the deal, the mood of the show cannot ignore the state of the economy, Juery says. "Doing more with less" is becoming increasingly important, he says.

Richard Carter, director of global key accounts and regional sales/detergents and cleaners at BASF says the mood of the show is cautious. "We're taking a cautionary stance because of the extreme unpredictability of the economic environment we're in. We're also looking at the difficulties of forecasting because of the volatility," Carter says. "When we look at the detergents and cleaning business, compared to other segments of the economy, the detergents and cleaning business is relatively stable. There has been some destocking across the whole chain, and people are talking about a crisis in the economy. But for us the crisis is for opportunities," Carter says, citing one of BASF's objectives as getting closer with its customers to enhance products as well as optimize its supply chain.

Carter notes that although customers want sustainable cleaning products, they are not willing to sacrifice the performance. "The end consumer and our customers who are part of the chain have stated they are not prepared to trade performance for sustainability," Carter says.

—CW Staff

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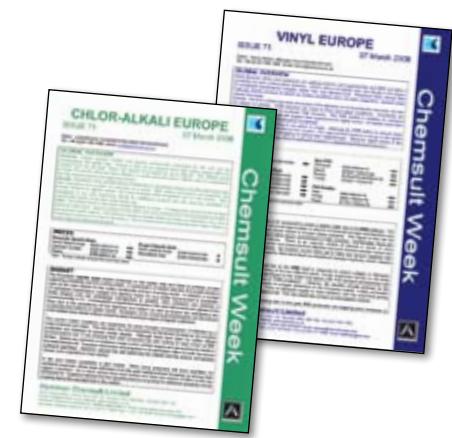
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SUPPLIER UPDATE

EVONIK GOLDSCHMIDT'S HOUSEHOLD CARE BUSINESS LINE FOCUSES ON INNOVATIVE CUSTOMER SOLUTIONS; LAUNCHES NOVEL RINSE AID MICROEMULSION

With the uncertainty of 2008 still lingering, the need to identify customer requirements and tailor solutions to meet their needs is imperative in 2009. Evonik Goldschmidt's Household Care business line, a segment of its Consumer Specialties business unit, is a leading manufacturer of raw materials and additives used in the Textile Care, Home Care, Vehicle Care and HI&I markets.

Evonik's strength stems from its ability to bring together core technologies driven by their expertise in chemistries including organics, silicones and actives.

An emphasis is placed on new developments spearheaded by their R&D and Applications Technology groups in concert with Process Technology and Scale Up. This multifunctional approach enables the company to meet their customers' requirements and to work with an innovation partner in identifying and delivering products driven by new trends and consumer demands.

During the challenging 2009 economic climate, Evonik Goldschmidt's Consumer Specialties business unit continues to strive for creativity in the development of specialty chemicals and believes that R&D and an understanding of market needs is the path to continued success. "We try to identify cross-functional products and research topics that deliver benefits across mega trends for health and wellness, convenience as well as resource management and sustainability," says Sahar Fakhry-Smith, Marketing & Sales Manager, Consumer Specialties for Household Care. The Household Care business line leads the market in the development of economically friendly fabric softeners and hard surface care products.

The Household Care business line is committed to partnering with our customers to identify ecologically friendly products that fit the needs of their organizations and meet the expectations of their consumers globally, says Fakhry-Smith.

As greener, more sustainable products continue to drive the market, the company has launched a unique, environmentally friendly car care emulsifier, CARSPRAY™ 800, says Fakhry-Smith. Increased competition for limited water resources makes it crucial that newly developed products work with improved water management programs, she said. Water consumption increased six fold over the past century. However readily available potable water is a limited resource that is less than 1% of the accessible water on earth, thus making the equitable dispersion of water one of the most critical challenges of the 21st century (www.timeforchange.com).

Major vendors delivering car care services are expanding their product lines into green, biodegradable formulations. These companies are recognizing, educating, and driving the consumer market towards sustainable, environmentally friendly car spas and products, while car-washing facilities are

investing in water reclaim systems, making the use of CARSPRAY™ 800 the natural decision.

In 2007, the former Textile Care and Home Care Business Lines merged to form the Household Care business line of Evonik Industries. The merge resulted in a synergy where established biodegradable fabric care technology was modified based on car care know-how and applied to the development of a new car care drying agent that meets ecologically friendly and environmental standards without sacrificing performance associated with other rinse aids.

Conventional car care technology provides limited biodegradability. It is not only excluded from the European market, but also becoming more scrutinized in the United States due to their unfavorable environmental profile. Traditional rinse aid emulsifiers and hydrophobes are being replaced with raw materials, made from renewable vegetable sources, which possess at least one order of magnitude less

aquatic toxicity than their traditional counterparts.

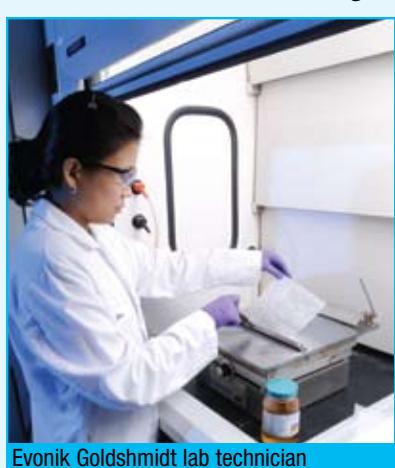
Due to increased drought in the United States, carwashes are required to build water reclaim systems, which, after cleaning and filtration, re-circulate some of the wash water to aid conservation efforts. Due to their limited biodegradability and compatibility with the other cleaning chemicals, traditional emulsifiers and hydrophobes create huge problems for these carwashes by either preventing the use of water reclaim systems, or causing spotting on car surfaces due to the incompatibility with the other chemicals. "CARSPRAY™

800 eliminates these problems; since the ingredients are known to be biodegradable, and more compatible with other carwash chemicals," Fakhry-Smith said.

The new system also provides advantages in production, involving fewer, less complex manufacturing and energy consuming steps, and less waste relative to conventional systems.



CARSPRAY™ 800 is an environmentally friendly car emulsifier.



Evonik Goldshmidt lab technician impregnating a singlesheet with fabric softener before it undergoes additional testing.

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DOW LAUNCHES SPECIALTY SURFACTANTS LINE

Dow Fabric & Surface Care says it has introduced a new line of biodegradable specialty surfactants that is designed to improve cleaning performance and provide greater formulation flexibility for a variety of hard surface cleaning applications. "Brand owners are facing a whole range of challenges – rising expectations for performance and convenience in the marketplace, as well as more stringent environmental and safety regulations," says Carlos Silva Lopes, global marketing director for Dow Fabric & Surface Care. The new line of surfactants are fast wetting, low foaming, and have low odor, Dow says.

"This makes rinsing easier and allows for greater fragrance impact," the company says. A "very narrow" gel range makes these surfactants an ideal choice for use in concentrated formulations, it says.

ECOSURF EH specialty surfactants are readily biodegradable per OECD 301F guidelines and have an aquatic toxicity (EC₅₀) of greater than 10 mg/L. They also meet the criteria for the U.S. EPA Design for the Environment Surfactant Screen, Dow says. The new line includes an oil-soluble emulsifier with a low HLB for nonaqueous hard-surface cleaning applications and surfactants especially effective on greasy kitchen soils and higher temperature applications.



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