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SDA CONVENTION NEWS

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SDA TO CHANGE NAME TO AMERICAN CLEANING INSTITUTE

The Soap and Detergent Association (SDA; Washington) will change its name to the American Cleaning Institute (ACI) to bet-



Jane Hutterly, SDA Board Vice Chair, introduces SDA's new name and logo.

ter reflect the cleaning product industry's contributions to better living. The name change, which will become official in June of this year, will coincide with a website redesign and was announced at SDA's annual meeting, currently underway at Orlando, FL.

"Since 1926, SDA has been a leader in demonstrating the safe, proper and beneficial use of cleaning products," says 2009 SDA board vice chair Jane Hutterly, e.v.p./worldwide corporate & environmental affairs, S.C. Johnson & Son. "SDA's transformation to the American Cleaning Institute will make our information easier to access,

more consumer friendly, and more relevant in the digital age."

ACI will "still reflect our organization's vision: to enhance health and the quality of life through sustainable cleaning products and practices," says Ernie Rosenberg, SDA president & CEO. "The Institute will continue to support the sustainability of the cleaning products industry through research, education, outreach and science-based advocacy."

SDA says that emphasizing the industry's contribution to enhance the health and quality of life will be a strategic priority in 2010.



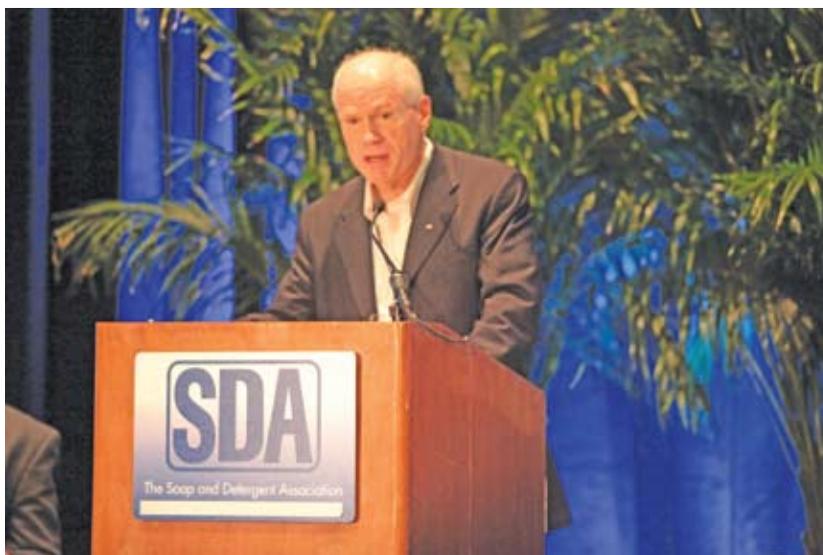
REGULATORY ISSUES, INDUSTRY PERCEPTION TOP PRIORITIES

The Soap and Detergent Association (SDA; Washington) will step up its efforts to promote sustainability, strengthen the group's influence on emerging chemical management regulation, and emphasize the industry's contribution to enhancing health and quality of life, Frank Sherman, SDA board chair, told attendees of Wednesday morning's Issues Briefing. "These are challenging times, and over the past year we at the SDA have realized that in order to continue to be successful we need to focus our resources more on the priority issues of the members," Sherman said.

The SDA will continue to enhance its commitment to sustainability, said Jane Hutterly, SDA board vice chair. This includes the identification of relevant sustainability metrics to enable meaningful communication to stakeholders, she adds. SDA will also strive to strengthen its influence on the emerging chemical management policies in the U.S. to "ensure freedom to operate and innovate for [the] industry," Sherman said.

SDA is taking steps to impact federal policy and legislation, including situating itself as a key participant in policy discussions on TSCA reform, said Rich Sedlak, senior v.p./technical and international affairs at SDA. EPA under the Obama administration wants to look into the limitations TSCA puts on regulators and "be more aggressive than past administrations" to strengthen its authority, Sedlak said. Chemical action plans have been pub-

lished, but there will not be a review and comment period to determine if the chemicals on the list are the right ones to take action on, he adds. Regulators are also looking to restrict companies' ability to claim confidential business information on ingredient communication efforts.



SDA Board Chair Frank Sherman

Use and exposure information for safety standards and risk management are also important, Sedlak said. "In the U.S., we are hoping to structure the workflow so we don't encounter the large bottlenecking of data that is going to happen in Europe." The industry's concern that an over abundance of data will delay safety assessments is beginning to be shared by NGOs as well, he adds. SDA will endorse a "quick start"

prioritization plan to fast track certain chemicals for safety for the EPA.

Meanwhile, state agencies are often being directed to take action against short lists based on hazardous features, such as endocrine disruption and carcinogenicity, or sensitive population use, he said. Federal TSCA reform, particularly if it restores public confidence, is expected to reduce but not eliminate states' enthusiasm, he said. Tight state budgets will also slow efforts. "That's probably the only thing holding some of the states back right now," Sedlak added. There is some "precedent-setting" activity at the state level, however, he said. SDA is working to develop contacts at NGOs, which are a significant driving force behind state-level efforts.

Ingredient communication is another aspect of SDA's proactive response to increased regulation. The Ingredient Communication Initiative, a voluntary program to provide consumers with information about the ingredients in products in four major categories: air care, automotive care, cleaning, and polishes and floor maintenance products, took effect on January 1 of this year. "So far, 99% of SDA member cleaning products are in compliance with the initiative," said Mitchell Radecki, SDA general counsel.

The SDA is also allocating resources to increase public recognition of the soap and detergent industry's contribution to a healthier living and workplace environment. "We believe this plan will improve our ability to achieve the vision of SDA and that

Continued on page 11

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ECONOMIC RECOVERY, SUSTAINABILITY EFFORTS TOP ISSUES AT SDA

The prospects for economic recovery, especially in emerging markets, as well as consumer demand for more sustainable products are topping conversations at the Soap and Detergent Association's annual meeting, currently underway in Orlando, attendees say.

"From an economy standpoint everyone is cautiously optimistic," says David Del Guercio, senior v.p. and general manager/consumer specialties, household care at Evonik Goldschmidt. The mood contrasts the pessimism and uncertainty of last year, he adds.

The recession has also affected consumer behavior, and consumer product companies are eager to step up the pace of innovation, Del Guercio says. They are looking to work more closely with suppliers to bring new products to market quicker, he adds.

BASF says it is seeing a push toward innovation on both the consumer and producer levels. "Our customers have been experiencing the financial turbulence, but they are still committed to innovation. It shows that not everyone is taking a short-term view of this," says Gary Dee, director of home and personal care at BASF. "[Customers] see a positive growth market and they want to innovate their way through this by spending money on innovation now." The home and personal care market is expected to grow at a rate above GDP, Dee says.

Concentrated formulations and cold water wash formulations continue to be hot trends in laundry care, BASF says. "With cold water washes there is a huge reduction in energy use," Dee says. "In the U.S., washing temperatures are typically around 60-70°F, but are trending colder for greater energy reduction." The company expects to see an increase in demand for cold water formulations.

However, surfactants must adjust to the lower temperatures, says Christian Wulff, director, tech-

nical development group/care chemicals and formulations at BASF. "Our Lutensol M technology works quite well at low temperatures," Wulff says. Lutensol M, an ethoxylate based on the branched alcohol 2-propylheptanol, is a detergent surfactant that allows the production of laundry detergents with high detergent efficiency at low wash temperatures, the company says. "Right now the product is only in the European market, but we're in the process of bringing that over to the U.S. market, Wulff says."

Phosphate replacement in automatic dishwasher (ADW) detergents is also a key topic this year, as phosphates will be banned in ADW detergents nationwide beginning this July. "Consumers will not accept trade offs," Dee says. "People want a functional replacement for the phosphate, and we've been able to formulate a product that does just that." BASF has introduced methylglycinediacetic acid under the brand name Trilon M, which is a high-performance, eco-friendly, aminocarboxylate, that acts as a chelating agent. The company recently completed construction of its previously announced Trilon M chelating agents plant at Ludwigshafen, Germany, bringing BASF's total chelating agent capacity to 120,000 m.t./year.

Demand in home and personal care is increasing and the sustainable products trend is expected to continue, Cognis says. "Sustainability is still a huge trend, but sustainability is a broad word with lots of different elements," says Rita Köster, global marketing director, home care/Industrial&Institutional

at Cognis. "It ranges from the supply chain, to raw materials, to dealing with "Reach," Köster says. "It is the element all companies must deal with; everyone has to address sustainability. Without it, nobody can do business."

Going green is an evolving process because green alone is not enough, says Josef Koester, director of marketing and technology/care chemicals Nafta at Cognis. "Green is a good starting point, but it is not sustainable. We are not only talking green, but we are reminding our customers that our feedstocks and the processes that we use already provide answers for going green, but are not doing enough. So now we are taking it to the next level by doing things like green engineering and reducing our carbon footprint," Koester adds.

Dow Chemical, which is a member of Wal-Mart's sustainability council, will be launching zinc-free polymers this year, as well as a line of products to enable phosphate-free formulations. Demand for chemistries that improve the sustainability profile of a product has continued despite the downturn, says Eunice Heath, general manager of Dow's home and personal care business. "We're focused on ensuring that the product solutions we bring to marketplace leave a more environmentally friendly footprint in the long term."

Dow is also seeing a move in the developing world from basic cleaning products such as dilutables to more convenience products as disposable income rises, says Carlos da Silva Lopes, global marketing director/Dow fabric and surface care.

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ASSESSING THE GLOBAL LANDSCAPE

Participants in the soap and detergent sector face an active regulatory environment over the next few years, according to speakers at the SDA Convention Global Industry Update on Wednesday. "We're seeing global convergence of a lot of different organizations and activities on chemicals and more specifically on chemicals in products," SDA President and CEO Ernie Rosenberg told attendees at Wednesday's global issues briefing. "This is going to be a busy few years." The activities include continuing work on the UNEP's Strategic Approach to International Chemicals Management (SAICM) effort in the lead up to the third International Conference on Chemicals Management (ICCM3) in 2012. Separately, the UN Commission on Sustainable Development has placed a focus on chemicals in 2010-2011. Also, the Rio +20 World Summit on Sustainable Development in 2012 will focus on chemicals and revisit SAICM, Rosenberg notes.

"What happens in one place with chemical regulations happens everywhere increasingly, and we are active in every one of those significant forums," Rosenberg says. SDA will work to "avoid things happening in the international arena that would, in effect, validate things that are being advocated in the U.S. that would be damaging to our industry."

In Europe, the International Association for Soaps, Detergents and Maintenance Products (AISE; Brussels) is keeping an eye on five regulatory issues, says Susanne Zänker, AISE director general. The issues are the EU's Registration, Evaluation, and Authorisation of Chemicals (Reach) program; chemical labeling and packaging (CLP) initiatives; biocides; detergent regulation; and indoor air quality/volatile organic compound regulations.



SDA President and CEO Ernie Rosenberg

Reach registration efforts will be a key focus in 2010 as deadlines come in to force. Downstream users are likely to see increasing efforts in 2011. AISE is building on prior voluntary initiative risk assessments for cleaning ingredients to support the Reach registration process and to ensure business continuity in 2010, Zänker says.

Massive changes in the EU chemicals legislation are being "absorbed" in 2010 and beyond. Voluntary initiatives are being welcomed by all stakeholders and can help reduce regulatory pressures, but not remove them in Europe, she adds.

In Japan, a key focus is the country's amended chemical substances control law as well as carbon footprint labeling, says Shigeo Ishii, senior managing director of the Japan Soap and Detergent Association (JSDA; Tokyo).

Japan's Amended Chemical Substances Control Law was passed last May and will come into effect on April 1, Ishii says. Current efforts are focusing on surveying production volumes and initial screening of priority chemicals. An initial list of priority chemicals for review under the law is expected to be released in 2012.

SDA MEMBERS TAKE CARE OF BUSINESS AT 2010 CONVENTION

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



From left: Dennis Boyd, Jarchem; Beth Tormey, Lonza; and SDA Board member Kevin Gallagher, Richard Hanson, and Scott Tuchinsky, Croda.



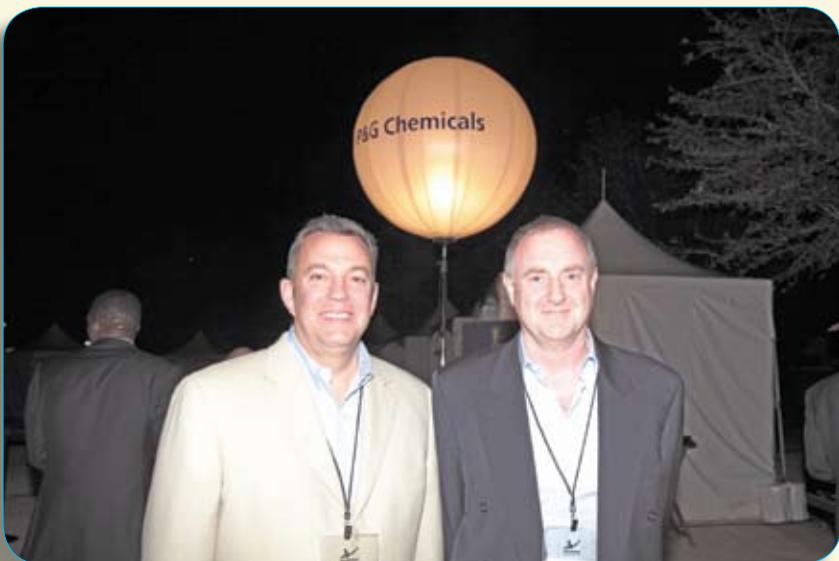
Anthony Johnson and SDA Board member Eunice Heath, Dow Chemical.



From left: Jack DiMaggio, Colgate-Palmolive; Christopher Smith, Givaudan; and SDA Board member Noel Wallace, Colgate-Palmolive.



From left: Frank Pacholec, Stepan; SDA Board member Jane Hutterly, S.C. Johnson; and Tony Martin, Stepan.



Richard Hughes (left), Procter & Gamble; and Raymond Hone, Robertet Fragrances



From left: Mike Prentiss, Procter & Gamble; and Catharine de Lacy, Beth Hecht, and Jeanne Siebert, Sun Products Corp.

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F. QUINN STEPAN RECEIVES DISTINGUISHED SERVICE AWARD

F. Quinn Stepan, the longtime leader of Stepan Co., is the 2010 recipient of The Soap and Detergent Association's (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.

Stepan has worked for the company founded by his father, Alfred C. Stepan, Jr., since 1961, serving in various executive leadership roles as director, president and CEO. Stepan is currently the chairman of the company's board of directors. Under Stepan's leadership, Stepan Co. has grown to a \$1.5 billion enterprise, with 1,500 employees and 14 manufacturing facilities around

the world. The company is one of the largest global manufacturers of surfactants and polyester polyols, is based in Northfield, IL. Stepan is a former chairman of SDA's board of directors and served on the board for seven years. Besides SDA, Stepan took active roles in a number of industry organizations, including ACC, where he served on the board of directors and its executive committee; the Chemical Industry Council of Illinois, serving on its board of directors and as its chairman; and the Illinois Business Roundtable. "Quinn Stepan has been a major force in the chemical industry for decades," says Ernie Rosenberg, SDA president and CEO. "We greatly appreciated his perspective and leadership during his time on SDA's board of directors."



F. Quinn Stepan (left) receives the 2010 SDA Distinguished Service Award from 2009 SDA Board Chair Frank Sherman, AkzoNobel, and SDA President & CEO Ernie Rosenberg.

SHOTS FROM 2010 ANNUAL MEETING



From left: David Wilson, Sasol; and Todd Nelmark, Rubens Marcilio, and João Benjamin Parolin, Oxiteno.



From left: Gary Dee, Bob Hindman, Christian Wulff, Richard Holland, Klaus Peter Ibach, and SDA Board member Simon Medley, BASF.



From left to right; David Del Guercio, Sr. Vice President & General Manager, Consumer Specialties, Household Care, Evonik Goldschmidt Corporation, Dr. Claus Rettig, Head of Consumer Specialties, Evonik Industries, Dr. Reinhold Brand, President Evonik Goldschmidt Corporation and Evonik Stockhausen, Inc.



From left: Alex Sosik and Ken Blackburn, Arkema Inc.



From left: SDA President Ernie Rosenberg; and Mike Wong and SDA Board member Greg Tipsord, Henkel Consumer Goods.

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SOAPS AND DETERGENTS

Suppliers Seek Market Recovery in 2010

Consumer trends forced formulators to cut back on surfactants and switch to cheaper ingredients. As suppliers look forward to economic recovery this year, some worry these cost-cutting measures are here to stay.

Formulators and suppliers to the soap and detergent sector expect an uptick in demand as recovery progresses, although some express concern that a deep recession could have a lasting impact on consumer spending habits. However, analysts are confident that demand in developing regions will pace growth, and that consumer and retailer pressure to make products more sustainable will overtake recession survival tactics as the strategic priority.

The global market for surfactants is estimated to be \$14 billion in 2009, and is forecast to grow to reach \$18 billion by 2015, says market research firm BizAcumen (San Francisco). Anionic surfactants constitute nearly half of the global market demand for surfactants, but consumer preference for milder products will drive robust demand for amphoteric surfactants, it says.

"The recession has made consumers focus on ... value for money, with some contributions to the environment," says Gary Dee, business director/home and personal care at BASF. "There was some drop off in sales in the North American market last year, but we are starting to see signs of recovery," Dee says. "There's been a significant interest in value products, where performance is very high for the price."

Rhodia has seen a shift in demand to value brands as consumers look to save money wherever possible. "The premium brands have suffered," says Sébastien Méric, v.p./home and personal care at Rhodia. "We also saw an extension of the private labels in 2009."

During the recession "there was a trend toward cutting down costs in their formulations in two ways. First, by reducing active matter in the formulation, and second, by replacing ingredients with cheaper alternatives," says Volker Radonjic, global product group manager for primary surfactants at Cognis.

Evonik Goldschmidt did not see significant shifts in its sales from premium to value products. "Sales were down pretty much across the board, although we did hear from our customers that the shift was going on," says David Del Guercio, senior v.p. and general manager/consumer specialties, household care at Evonik Goldschmidt.

Trading down was also not evident on the industrial side, says Reinhold Brand, president of Evonik Goldschmidt and Evonik's Stockhausen superabsorbent and occupational skin care company. "Construction applications were more a case of using less," he says. "And in agricultural applications, farmers can't trade down and achieve the same ROI. But they were very careful about how much they used."

"Demand got off to a soft start in 2009, but quarter after quarter there were improvements," Méric says. "We finished the year in line with 2008 levels, and we are very optimistic that 2010 will surpass peak levels."

Inventories began to rebuild in the fourth-quarter of 2009, and this restocking is expected to carry over into 2010, says Shafeek Razak, Industry Marketing Mgr./Home and Personal Care at BASF. "This is another indication of the market turning around," Razak says.

Sasol's Olefins & Surfactants division (Sasol O&S) posted a decline of 4%-5% in sales to detergents and cleaners last year. The company produces linear alkyl benzene (LAB), alcohols, and the surfactants based on those intermediates such as linear alkylbenzene sulfonate (LAS), ethoxylates and ether sulfates. "Looking back at past recessions, we always said that the deter-

gent and cleaner market was recession-proof in developed regions," says Tom O'Brien, general manager/organics at Sasol O&S. "We may have seen it flatten, but we never saw declines. This economic crisis was different." The biggest contributor to the decline was the destocking, O'Brien says. However, formulators looking to save costs by reducing surfactant loads, along with consumers down-tiering to private label brands that typically use less surfactants in the first place, also contributed to the decline, he says.

Consumers are beginning to trade up again, however, and sooner than anticipated. "We started to notice this in the third calendar quarter of last year and it continued through the fourth quarter," O'Brien says. Given the severity of the financial crisis, the company had thought consumers would stay with value brands for a much longer time. "I have to say it was a little bit to our surprise," he adds.

Clariant says they did not notice a significant shift towards consumers buying cheaper brands, but did see cost-cutting by their customers as an opportunity to offer them with new solutions to reduce formulation costs. "The good thing about a crisis is that you need to be creative, that you need to enhance and



Brand: Risks assessments need to be science-based.

tailor the properties of your offerings to the prevailing market realities, at lower overall formulation costs for the customer," says Michael Willome, head of the industrial & consumer specialties (ICS) business at Clariant.

"2009 sales were rather resilient versus 2008 with-in industrial and consumer hard surface cleaning as well as in fabric care," says John Cate, global business director of fabric and cleaning applications at AkzoNobel Surface Chemistry. Within those, the Industrial & Institutional segment was hit the hardest due to the struggling automotive sector and also the travel industry, Cate says.

Sasol O&S is considering 2007 as a reference point to define the industry's latest peak, as rising feedstock costs and demand in the first three quarters of 2008 "overheated the market," O'Brien says. "We're expecting a return to 2007 levels for detergents and cleaners probably sometime in 2011 or 2012." Sasol O&S is expecting the market to grow with higher growth rates of 5%-15% in developing regions, with developed regions growing in the 1%-3% range.

Clariant is expecting a "reasonable" rate of recovery in 2010 that will bring the company's sales to the soap and detergent industry slightly above 2009 levels, Willome says. "For several months we have noted good and increasing demand in Asia. Latin America is expected to grow as well, while the situation in Europe and particularly in North America remains more difficult." But even in these mature markets, the company has seen some signs of improved demand, he says.

Trends so far this year have been encouraging, says Jack Perini, global business manager/alcohol & ethoxylates at Shell Chemical. "Customers are rebuilding inventories and intrinsic demand appears to be



BASF: Recession has made consumers focus on value for money.

improving. Ethoxylates appear to be stronger for both non-ionic and anionic forms as well," Perini says.

Consultants saw a slight recovery in the LAB market was witnessed during the second half of 2009 after the economic downturn cut demand during the three previous quarters, says Joel Houston, president, Colin A. Houston & Associates. "Usage levels for 2009 are estimated to be flat with no overall growth above 2008 levels," Houston says. "The rationalization of feedstocks seen in Western Europe and North America over the past two years has lowered production in the Western hemisphere, while growth continues for LAB demand and production in the Middle Eastern, African and Asian regions. Latin America is resilient, with only slight effects seen from the crisis while growth is expected over the current year."

Petroleum-based surfactants constitute more than 70% of total consumption in developed countries, but due to increasing demand for milder and readily biodegradable products, the industry is shifting focus towards surfactants derived from renewable sources. Though LAS is still widely used, fatty alcohol sulphates (FAS), fatty alcohol ether sulphates and fatty alcohol ethoxylates are gaining increasing importance, BizAcumen says. MES, developed from biodegradable oleochemicals, are also used on a large scale in detergents as a replacement for LAS, it says.

Suppliers say the technology spread for surfactant production between the developed and developing world is closing. "Up until now, developing regions have stayed with the older, more traditional and established product technologies that developed regions have long since abandoned for newer, more environmentally friendly acceptable varieties," Del Guercio says. "But now we are beginning to see movement in the developing regions toward more environmentally acceptable and sustainable types."

Consumers in developing regions are also beginning to shift from powder detergents to more expensive liquid detergents, Méric says. However, this trend did slow with the economic conditions of 2009, he adds.

Rhodia has been focused on emerging markets, where surfactant demand in soaps and detergents and other home and personal care products has grown dramatically. For example, since the Novicare unit began operating in China in 1994, sales have increased there by a factor of 10, and the company's Wuxi, China site has been expanded several times.

For the home & personal care market, Rhodia has two plants in China, two plants in India, as well as plants in Thailand and Indonesia. The company started a new unit at its Roha, India sulphonation and sulphation site last year. The new unit increases the site's sulphonation capacity and produces surfactants for domestic and export markets. The company has also opened an R&D center in Shanghai and manages a technical services center in Singapore with local branches in India,

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Emerging markets: Clariant recognizes huge potential of growing consumer demand.

Continued from page 8

China and Japan. Rhodia's of surfactants maker McIntyre Group in early 2009 extended its product range for the home and personal care market. The \$100 million acquisition has also contributed to leverage its customer portfolio and its presence in all zones, and in particular in fast growing regions. Rhodia transferred McIntyre's surfactant production technologies and products to Asia and Latin America. "The McIntyre acquisition is fueling our development in emerging markets," Juery says. "We have been able to both extend our own product range and at the same time globalize McIntyre's products."

Clariant recently opened a multipurpose plant at Zhenjiang and has been expanding its production network. The company also announced plans to build an ethoxylation plant at Daya Bay near Huizhou, China by early 2011. The plant will have capacity for about 50,000 m.t./year and serve primarily domestic customers for a broad range of applications including crop protection, construction, industrial and home care, metal working, textiles, and paper. Clariant will source ethylene oxide from the CNOOC and Shell Petrochemicals Co. joint venture complex, also at Daya Bay. The project forms part of a \$100-million investment program by Clariant in China. "Our local presence in China, India, Southeast Asia, Eastern Europe, and parts of Latin America is growing by the day," Willome says. "We clearly recognize the huge potential the growing consumer demand offers." Formulation support for developing regions is an "essential success factor," as opposed to developed regions such as the U.S. and Europe where innovation is key, he added.

Sasol O&S, which serves customers in developing markets from its plants in China and South Africa, says cost sensitivity is still a big driver in the developing world. "In general, product performance is a second priority, and the paramount challenge is getting the lowest cost surfactant into the formulation," O'Brien says.

"We're seeing sophistication increase in the developing regions," Cate says. "We see the door open to us to sell some of our value-added products. As an example, in Asia, we're having success in some of our water-based degreasing technology replacing solvents. In Asia, it's more open to us switching from solvent-based to water-based technology."

Asia's humid conditions also means that products that sold in North America or Europe are not stable in those conditions, Cate says. "Those products must be redesigned or we have to provide alternatives that are stable."

BASF says one area is focusing on in emerging markets is fragrance solubilization. "Developing regions use a lot more fragrances in their products, it's a major factor for purchasing finished goods," Razak says. BASF has developed Lutensol XL, a series of surfactants for the solubilization for a variety of fragrance oils.

"The green trend did slow down a little, but it did

not disappear," says Thomas Schroeder, v.p./marketing care chemicals at Cognis. "The growth rates we are seeing in this area are stronger than in other areas. Green products are still a driving force."

More compact formulations have also been important to producers, and may become even more important in the future," Perini says. "The slight branching in our alcohols does a good job supporting compaction in combination with the other formulation ingredients, given our viscosity profiles. We also are developing high-activity matter approaches that eliminate much of the water from sulfation and therefore the associated transport costs," Perini adds.

Sustainability remains hot topic in the industry. "The trend of sustainability rather than green, per se, is now embedded in the demands of customers. It is now built into the structural needs that our customers have. This trend did continue during the recession," Razak says.

New business came as a result of a general customer trend towards launching new cleaning products that meet the various industry definitions of green, producers say. "The recession does not appear to have affected customers' willingness to purchase greener product," says Damian Kelly, business development manager/home care and functional specialties at Croda. "This was one positive aspect of last year and increasing environmental regulations. The recession hasn't affected sustainability. Not just [customers'] desire to buy green products or green ingredients, but their ability to reduce their carbon footprint as well."

Approximately 70% of Croda's global raw materials are derived from natural sources, Kelly says. "As a result we are able to offer a wide range of products that meet the many of our customers' requirements for green products. Careful formulation techniques and product selection can deliver good performing cost effective products," Kelly adds.

"Customers are not trading down from greener products," Schroeder says. "The main thing is that consumers expect sustainability with no compromise in performance and at a fair price," Schroeder adds.

Sustainability efforts at the formulator level takes many forms, including removal of solvents, more sustainable packaging, biodegradable and compact formulations, and cold-water washing, Del Guercio says. "And every consumer product company seems to have their own definition of what makes their product more green," he adds. Evonik Goldschmidt has been developing products to meet diverse sustainability demands. "In some cases it involves replacing petchem- or tallow-based raw materials with vegetable-based materials," Del Guercio says. The company commercialized a vegetable-based softener quat, and has also been working with its customers to transition their formulations from isopropynol to ethanol. The company is also expecting to see another round of compaction for laundry detergents and fabric softeners. "It's not simple chemistry," Del Guercio says. "We have developed products that enable formulators to

essentially double activity level to facilitate further compaction if they choose."

Many of Rhodia's new product entries in 2010 will improve formulators' sustainability profile, in line with Rhodia's own commitment to promoting environmental, economic and social responsibility. "Sustainability is core to how we operate, and is driving continuous improvements across all our businesses and manufacturing operations," Méric says. Rhodia is also leveraging McIntyre surfactants technology to complete its offering in the area of sulphate-, preservative- and EO-free solutions, introducing cost-efficient performance concentrates and higher active amphoteric surfactants. The drive to higher actives is a good illustration of applied sustainability, more efficient production cycles, less waste generated, less water used and transported and a more compact and efficient final formulation that does not require preserving, he says. The company is also launching a new grade of ether sulfate obtained from biobased ethylene oxide to help formulators achieve their "petrochemicals free" claims. Later in 2010, Rhodia intends to introduce rheology modifying polymers that will address the performance issues of existing benchmark technologies in low surfactants personal care solutions.

Customers are also looking for ways to keep raw material costs low, Perini says. "From a performance perspective, the big items seem to be compatibility with a broad range of other ingredients, so customers can optimize their formulations in light of changing raw material costs," Perini adds.

Clariant recently launched a bio-based hard surface cleaner trade named Genaminox CHE that enables the formulator to cut active ingredient quantity and lower material, storage, and transportation costs. The company will also introduce an EcoTain label to communicate the ecological profile of its products.

Market players must also contend with REACH, and the full registration for the first tier of volume products due late this year. And as companies resign themselves to the cost and bureaucracy of REACH legislation, the potential implications of TSCA reform is growing on the industry's radar.

Sasol O&S says it has been working along with the Soaps and Detergents (SDA; Washington) on informing the TSCA debate and trying to influence legislators. However, industry opinion of TSCA appears divided. "There are some people who feel we ought to just adopt REACH," O'Brien says. "They are in the minority. These are the companies that also do business in Europe, they've figured out REACH, so they think it should just be done in the U.S.—even though they would never have agreed to REACH had they had a choice," he says. The other camp is saying they have to do everything they can to not allow REACH to be legislated in the U.S. "In my opinion, the worst case scenario is that products end up banned or restricted without science-based debate," O'Brien says. "Beyond that, there could be some bureaucratic nuisances that add costs, ultimately passed down to the consumer."

Evonik actively supports TSCA reform and is working with the ACC and SDA to guide legislators toward changes that are practical. "It's important that the risk assessments are science-based, and we are not just regulating the end products," says Reinhold Brand, president of Evonik Goldschmidt and Evonik's Stockhausen superabsorbent and occupational skin care company. "And we would like the federal government to enact the regulations; it would be extremely difficult for every state to have their own set of rules." The EPA is expected to come out with a roadmap of TSCA reform by the end of the first quarter or beginning of second quarter. There is speculation in the industry that EPA's program may look something like REACH, but Evonik is hoping for a reformed system with less bureaucracy, Brand says. —LINDSEY BEWLEY AND REBECCA COONS



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WAL-MART ADVANCES SUSTAINABILITY, CHEMICAL MANAGEMENT EFFORTS

Wal-Mart says it will work closely with suppliers to make products safer and more sustainable, emphasizing an approach that encourages continuous improvement rather than outright bans of products, says an official at the leading retailer.

"The approach with chemical products is not pass-fail. We learned our lesson early on ... a published list of chemicals was a too heavy-handed approach," Alberto Luis Dominguez, v.p./divisional merchandise manager household paper goods and chemicals told attendees in a speech at the Soap and Detergent Association annual meeting in Orlando, FL on Wednesday. Wal-Mart rolled out a screening tool to suppliers last year, called GreenWERCS, to identify risks across a broad spectrum of criteria. Suppliers will enter all chemicals in their products, which will be aggregated and evaluated across several metrics. "The goal is not to say every product below a certain level is gone," Dominguez says. "We will take products that fall below average and work with suppliers to identify alternatives."

The company's initial chemical management efforts, launched in 2006 as part of its Chemical Intensive Products Network program, discussed plans to identify 20 chemicals that it would work to eliminate from products sold at its stores. Since then, Wal-Mart's efforts have shifted toward collaboration with suppliers to encourage safer and more sustainable

alternatives where available. Dominguez chairs the retailer's chemical intensive products sustainability value network (SVN), which is coordinating the effort.



Alberto Luis Dominguez, VP/Wal-Mart, addresses sustainability.

Wal-Mart will look into "the landscape of chemicals in our products and find alternatives where they can add value and are more sustainable. Wal-Mart will encourage and push for continuous improvement in the process of identifying and replacing potentially hazardous substances," Dominguez says. Wal-Mart's SVNs include company leaders, suppliers, academia,

government, and non-governmental organizations (NGOs). Apart from chemical-intensive products, other SVNs at Wal-Mart are focused on greenhouse gases, sustainable buildings, alternative fuels, logistics, waste, packaging, textiles and electronics.

"You won't see Wal-Mart saying, 'That's good, that's bad. Get rid of this'," Dominguez says. "But, if customers tell us they are concerned then we're going to react. That's our role as a retailer. We need to keep ahead of consumer trends and find alternatives ahead of the curve." BPA is one example what the effort will look like, he adds. "The consumer was telling us there was a concern and they had a need that wasn't being met," Dominguez says. "We worked to suppliers to meet that need."

A key part of Wal-Mart's sustainability efforts are the ongoing effort to develop a global sustainability index. "Customers are demanding immediate access to information," he says. Customers want to know what's in a product, where it comes from and what impact it has, he adds. "We don't view this as a fad. We view it as a long-term change in way that consumers, retailers and manufacturers will interact with each other," Dominguez says. "The sustainability index is about creating a mechanism to give us that transparency." It is critical for Wal-Mart to respond to and anticipate customer needs so "we don't have something dictated to us," he adds.

Regulatory Issues...

Continued from page 1

is to enhance the health and quality of life through sustainable cleaning products and practices while providing added value to the SDA member companies," Sherman said.

SDA is also working to ensure that the oleochemical industry has equitable access to the U.S. tallow supply. Government biodiesel mandates and subsidies are threatening the industry, said Dennis Griesing, v.p./government affairs. The oleochemical and biodiesel industries are "bound at the hip because we

both use animal fats to make our product," Griesing said. "However, government subsidies and government mandates related to the use of biofuels gives a significant advantage for biofuel manufacturers" and a disadvantage for oleochemical companies. Prices have fluctuated wildly, with animal fats now tied to petroleum, not soybean oil, he added. The SDA is pushing for either an elimination of the animal fat for biofuels program or an apportionment of the animal fats market to assure continued access by oleochemicals.

"In addition, we formally requested a credit of 14.6 cts/lb for the use of animal fats in the production of oleochemicals, and this was to offset the \$1/gallon subsidy biodiesel gets," Griesing said.

There's no shortage of major issues affecting the soap and detergent industry, said SDA president Ernie Rosenberg. And while the industry is dealing with change, "we need to remember that change creates both opportunities and challenges. What it won't do is stop."

EVONIK GOLDSCHMIDT IS READY FOR A "GREENER" 2010 AFTER MANAGING INNOVATION – AND THE GREEN – IN 2009

For the Household Care business line of Evonik, 2009 was a successful year built on fostering innovation and fulfilling customer needs through closer relationships, while maintaining responsible cash and inventory management. Bolstered by this forward-looking yet pragmatic approach, Evonik stands ready at the beginning of 2010 to assist its customers in their ongoing efforts to meet the growing challenges of formulating "green" products for home care, laundry, HI&I, and car care applications.

Externally, the Household Care mission remained foremost in 2009: assisting customers by developing innovative raw materials that imparted consumer-perceivable benefits and segment-transforming products. Internally, every effort was expended to ensure mission success throughout an unprecedented year of economic challenge.

"Internally, we capitalized on bringing together our R&D, manufacturing and applications groups to ensure that the right mix of new products was in balance with the economics of the times as well as consumer needs," explained Sahar Fakhry-Smith, Marketing & Sales Manager, Consumer Specialties – Household Care. Company efforts centered on mov-

ing the household care segment forward by producing raw materials that ensured sustainability, conveyed new consumer-attractive concepts and delivered com-



Evonik Goldschmidt Corporation chemist characterizes an emulsion using contact angle measurements.

pleting new forms.

"Green" surfactant ingredients and "VOC reduced" raw materials exemplified the Household Care business line's multi-faceted effort to meet customer requirements in 2009. These included:

REWOQUAT® WE 28E and REWOQUAT® WE

28 HF vegetable-based esterquats, for use in liquid fabric softeners.

CARSPRAY™ 300 HF emulsifier, which is used to formulate automotive rinse aids in automatic car washes where low flash products are not permitted.

VARISOFT® DS 350 and VARISOFT® DS 350 Veg esterquats, which can be used in dryer sheets to provide antistatic benefits and efficient fragrance delivery in an era of ever-tightening VOC regulations.

In this new year, Evonik is committed to moving forward with its customers to help address their growing challenges to "go green." The Household Care business line is poised to work closely with them to achieve two critical objectives: identify the best available renewable starting materials at the inception of the product development process, but also identify parameters for efficient manufacturing, processing and ease of formulations without sacrificing performance. With this two-prong strategy, Evonik looks forward to supporting its customers' ability to register and certify high-performance formulations through regulatory organizations and governmental agencies around the world.

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