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Arizona CHEMICAL

CONGRESS COULD SECURE THOUSANDS OF JOBS, REDUCE CO_2 EMISSIONS BY EXEMPTING VALUABLE PULP CO-PRODUCTS FROM "RENEWABLE BIOMASS" DEFINITION IN CLIMATE CHANGE, ENERGY BILLS

JACKSONVILLE, FL – October 29, 2009 – A simple edit to a proposed bill moving through Congress this session could save several thousand U.S. jobs in the renewable-resource industry of pine-based chemical manufacturing, according to industry leader Arizona Chemical.

At issue are well-intentioned goals designed to encourage companies to reduce green house gas emissions and reliance on imported fossil fuels by burning "renewable biomass" fuels instead. This legislation, the American Clean Energy and Security Act (HR 2454) or Senate version Clean Energy Jobs and American Power Act (S 1733), is broadly written and currently includes co-products of the pulp and paper industry—specifically, Black Liquor Soap (BLS) / Crude Tall Oil (CTO) and Crude Sulfate Turpentine (CST)—which are the renewable raw materials for naturally derived chemicals used in everyday products such as adhesives, rubber compounding, inks, fuel additives, corrosion inhibitors, paints, and personal care products.

Paradoxically, by including BLS/CTO and CST, the current bills as written encourage companies to burn them, depriving an entire downstream industry of its sustainable, renewable raw materials. Burning these products could lead to plant closings across the pine chemicals industry and increased imports of replacement products that are primarily made of non-renewable petroleum sources, resulting in both increased costs and green house gas emissions.

"Reducing green house gas emissions and reliance on imported fossil fuels are laudable goals that we exercise daily as part of our sustainability initiatives," said Gary Reed, Vice President of Arizona Chemical, "But these goals should not come at the expense of a thriving domestic industry that relies on natural, renewable resources and ensures that every co-product of a harvested tree is used to its fullest potential." Arizona Chemical commissioned a third-party review using Kyoto Protocol guidelines that reveals that CO_2 emissions from current operations will be nearly doubled if pine chemicals are removed from the U.S. market.

Arizona Chemical and Sustainability

Environmental scientists agree that in order to meet the climate challenge, natural resources must to be used in the most efficient and sustainable way, using raw materials to their full potential. Therefore, recycling and re-use of natural, renewable raw materials

is always preferable to incineration. Arizona Chemical refines Crude Tall Oil to its full potential before using one of its derivatives (pitch fuel) as an energy source.

As a locally sourced raw material, Crude Tall Oil is both environmentally and economically sustainable. If not available, it would be largely replaced by imported non-renewable, fossil-based alternative products and imported Chinese gum rosin and derivatives, leading to increased transportation and CO_2 emissions. Any CO_2 gains achieved from burning Crude Tall Oil to produce energy are negated when the fossil-based alternative materials are produced, and greatly exceeded when burned at the end of their life cycle.

For more information on the environmental advantages of using pulp co-products to create specialty resins and chemicals, see the attached Fact Sheet and visit the Arizona Chemical website at www.arizonachemical.com.

About Arizona Chemical
Arizona Chemical (www.arizonachemical.com) is the world's largest producer of naturally derived specialty resins and pine-based chemicals for the adhesives, inks and coatings, lubricants, fuel additives, mining and oleochemicals markets. The company has five manufacturing plants in the U.S. and five in Europe. Arizona Chemical also has research and development capabilities and a network of sales offices throughout the world. The company employs over 1,000 people, and has headquarters offices in the U.S. in Jacksonville, Fla., and in the EU in Almere, the Netherlands.

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