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SE Asia auto coatings market to top \$300 million by '05 – study

According to a study by market consultancy Frost & Sullivan, the automotive coatings market in southeast Asia is set to grow at a compound annual growth rate of 4.7 percent from an estimated at \$255.7 million (Euro225.3m) in 2002 to \$307 million by 2005.

The original equipment manufacture (OEM) market in southeast Asia is predicted to grow at an even faster rate, 6.1 percent a year, compared to 3.2 percent a year growth for refinish coatings.

Frost & Sullivan said that the main factors driving the anticipated growth in southeast Asia include:

- Recovery in regional economies
- High commitment by regional governments to develop the automotive industry
- Increasing production of cars for domestic market and exports
- Increasing automotive population
- Increasing investments/expansion plans by automotive suppliers in the region
- Liberalisation of the regional automotives market (except for Malaysia)

However, the firm points out some restraints on growth, such as:

- Higher bargaining power of automotive companies, which can lead to downward pressure on prices
- Low purchasing power inducing price sensitivity in the refinish market, thereby forcing coatings suppliers to cut back on costs and profit margins or reduce prices
- Lack of government regulations on volatile organic compounds (VOC) emissions
- Growing global uncertainties, which impact regional economies and consumer spending on cars.

Frost & Sullivan reports can be found via www.frost.com.

(Source: CNI)

What's the color of the U.S. paint and coatings industry?

In what follows, guest editor Michael Gregus, director of the Chemquest Group, provides an overview of the U.S. paint and coatings industry. His group is forecasting lower growth for the balance of 2003 in both volumes and sales. The Chemquest Group is an international strategic business management consulting firm specializing in paints, coatings, polymers, and adhesives and sealants. More information about the firm and its services is available at www.chemquest.com.

The \$16.4 billion U.S. paints and coatings industry showed decent growth in 2002 after a poor 2001, driven largely by the housing and auto markets overall. Volumes grew by 5 percent, with sales increasing by 4 percent. Lower mortgage and automobile financing rates were key positives, but lower infrastructure spending and the declining airline industry were moderating factors. Growth in 2002 was similar to peak levels reached in 1999, and significantly higher than the historic five-year compound annual growth rate (CAGR) of flat volume growth and 2 percent sales growth. However, growth is expected to moderate in 2003.

Rising raw material prices are causing an increase in the cost of goods sold (COGS) for paint companies by an estimated 2 percent in 2003. Both resin suppliers and TiO₂ producers are successfully pushing through price increases. Raw material prices in practically every class of goods have been steadily rising over the last year due to the rise in crude oil and natural gas affecting raw material and energy costs, and that has affected margins. Moreover, consolidation by key suppliers over the years has led to more competitive raw material pricing.

Paint companies attempted to raise prices, but only received a 2 percent increase in 2002 versus 2001. Pricing has been difficult in 2003 for paint manufacturers and may lead to lower margins. In particular, the OEM sector is struggling due to reduced demand for durable goods, thus leading to marginal capacity utilization and a marked reduction in capital spending.

The ChemQuest Group forecasts moderately lower growth for the balance of 2003 of 2 percent in volumes and 3 percent in sales. Continued strength in the housing market is likely to be offset by the continued shift of OEM business to China, weak industrial manufacturing, and poor performance from the transportation sector, primarily lower performance by the automotive and aerospace markets. Shipments have increased at a steady rate, but similar increases have not been seen in inventories. Moreover, the pre-buying volume surge in transportation that occurred in 2002 is not likely to recur.

COATING 2003 set to debut

COATING 2003, an event for users of industrial coating processes, will make its debut in the heart of the industrial finishing marketplace on October 28-30 at the Indiana Convention Center in downtown Indianapolis, Indiana, U.S.A.

Exhibitors and attendees from around the world will gather to see the latest in finishing technology. Sponsored by ten of the industry's most influential trade associations, this event combines a conference and exhibition to showcase products, services and educational opportunities for users of virtually all coating technologies.

The COATING 2003 show floor and conference will feature the following finishing disciplines:

- powder coating
- liquid coating
- electrocoating
- porcelain enamel
- UV/EB curing
- vacuum coating
- electroplating/mechanical finishing
- air and waste management

To learn more, go to www.thecoatingshow.com.

Kicking off the conference is a keynote presentation by Kevin Butt, assistant general manager of Body Engineering for Toyota's North American Manufacturing headquarters. He will address several current and future challenges for both Toyota and the automotive industry as a whole. Among them – environmental control on a global scale, quality assurance, emerging technologies (such as pre-colored plastics) and a more educated consumer that takes a greater interest in coatings that offer greater durability.

Industry news

BASF restructures industrial coatings operations

At the end of 2003, BASF plans to discontinue the manufacture of powder coatings and furniture coatings at Muenster-Hiltrup in Germany. Around 70 employees will be transferred to other sites.

BASF intends to integrate the automotive-related activities of its metals coatings operation into its OEM coatings and automotive refinish units. The production of powder coatings is to be integrated at Verbania, Italy. Glasurit Construction will continue to manufacture window and radcure coatings at Muenster Hilstrup. The production of other furniture coatings will be consolidated at Romano d-Ezzelino in Italy.

(Source: Chemical Week Newswire)

Eastman may sell parts of its Coatings, Adhesives, Specialty Polymers Division

Eastman Chemical says it plans to sell, restructure, or close some underperforming product lines within its coatings, adhesives, specialty polymers, and inks (CASPI) business segment in an effort to improve profitability. Eastman expects to improve CASPI's operating income by at least \$50 million in 2004, and increase the segment's annualized earnings to \$75 million-\$100 million following completion of the program.

The restructuring will include acrylate ester monomers, unsaturated polyester resin composites, inks and graphic arts raw materials, liquid resins, powder resins, and textile chemicals, Eastman says.

(Source: Chemical Week Newswire)

Dow to acquire Celanese acrylics business

The Dow Chemical Co (Dow) and Celanese AG have reached an agreement for Dow to purchase the acrylics business of Celanese for an undisclosed amount. Dow will acquire Celanese's acrylics business product line, including intellectual property, inventory and technology for crude acrylic acid, glacial acrylic acid, ethyl acrylate, butyl acrylate, methyl acrylate and 2-ethylhexyl acrylate, as well as acrylics production assets at the Celanese facility in Clear Lake, Texas, U.S.A.

In related agreements, Celanese will provide certain contract manufacturing services to Dow, and Dow will supply acrylics to Celanese for use in its emulsions production. The transaction remains subject to customary closing conditions, including regulatory approvals.

This proposed acquisition positions Dow's current acrylics activities into a complete, integrated acrylic acid chain, establishing it as a major presence in higher value, less cyclical, downstream markets. Additionally, through raw material integration, it gains a more competitive cost position for its UCAR Emulsion Systems business, Superabsorbent Products business, and other speciality products.

(Source: Chemical Business NewsBase)

Nippon Paint, Akzo dissolve deal

Nippon Paint and Akzo Nobel's International Coatings are to terminate a cross-licensing agreement for their respective marine coatings technologies from the end of October 2004. International Coatings provides service and support to Nippon Paint's customers outside Japan, and Nippon Paint provides the same for International Coatings' customers in Japan.

(Source: www.coatings.de)

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Technical corner

Below you will find a selection of patents, provided to us by www.ResinWeb.com. This site, available in Chinese and English, covers information for most common resins like epoxy, phenolic, amino and alkyd resins. The site is owned by Chem2B GmbH.

This neutral online business company also runs two other vertical Internet portals:

[Polyurethane Web](#) and [PowdermetalWeb](#).

Powder coating with non-crystalline and crystalline epoxy resins and curing agent

6,616,979, *Rohm and Haas Company (Philadelphia, PA)*

Provided are low temperature curing thermosetting epoxy powder coating compositions comprising at least one non-crystalline epoxy resin, at least one crystalline epoxy resin, a curing agent, and a cure catalyst. Coatings made from such powder compositions exhibit a substantial reduction in bubble entrapment, enough to prevent a visible haze from forming in the coating, when cured at low temperatures demanded by brass substrates.

Epoxy resin composition to seal semiconductors and resin-sealed semiconductor device

6,617,701, *Toray Industries, Inc. (Tokyo, JP)*

An epoxy resin composition to seal semiconductors constructed of a semiconductor element, a base to support said semiconductor element, and an epoxy resin composition covering only one side opposite to the base, said epoxy resin composition comprising (A) epoxy resin, (B) hardener, and (C) inorganic filler, and giving a cured product which has (a) a flexural modulus of elasticity of 10 to 30 GPa at 23.degree. C. and (b) a coefficient of linear expansion of 4.times.10.sup.-6 /K to 10.times.10.sup.-6 /K in the temperature range from 23.degree. C. to the glass transition point, with the product of (a) and (b) being smaller than 2.times.10.sup.-4 GPa/K.

Composition of cycloaliphatic epoxy resin, anhydride curing agent and boron catalyst

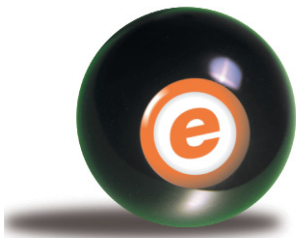
6,617,400, General Electric Company (Niskayuna, NY)

Epoxy resin compositions are disclosed which comprise (A) at least one cycloaliphatic epoxy resin, (B) at least one anhydride curing agent, (C) at least one a boron containing catalyst that is essentially free of halogen, (D) at least one cure modifier, and, optionally (E) at least one ancillary curing catalyst. The encapsulant may also optionally comprise at least one of thermal stabilizers, UV stabilizers, coupling agents, or refractive index modifiers. Also disclosed are packaged solid state devices comprising a package, a chip, and an encapsulant comprising an epoxy resin composition of the invention. A method of encapsulating a solid state device is also provided.

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