



## The Chemical Industry – Watch Yourself Out There!!

### Prices UP UP UP!!!!

As I drove to the airport this morning to go to Chicago to see John Godina, our Midwest manager, the full effect of the current world situation hit me as I signed the nearly \$50 tab just to fill up my car. I couldn't believe it -

having to reissue price lists to customers almost every week as price increases are either rescinded or increased further! As usual, there is no rest for the weary in our beloved chemical industry.



Craig Abernathy, Bruce Schechinger, TR, and Joel Melendez took the 1st place trophy at the golf tourney during the annual NACD meeting in Palm Springs, CA. Al Geiberger Sr. (Mr. "59") is in the middle.

\$2.20/gallon. It appears these price increases we are hearing about are hitting where it really hurts! The dock strikes passed in Fall 2002 with modest damage...and with the Middle East and Korean situation notwithstanding, the chemical business certainly is a crazy place right now. As TRInternational enters its 9<sup>th</sup> full year in business, the market situation is very similar to its beginning in 1994. Prices are up, up, up; material is getting snug, shipping rates are exploding...turmoil everywhere. As Rowland asked the other day, when was the last time (co-products) Caustic Soda and Chlorine both experienced severe price hikes at the same time? Usually one increases as its co-product decreases. Propylene Glycol up 20% March 1 and another 10% April 1, Ethylene based items up 15%, and the list goes on. Heck, the most common complaint from both customers and suppliers isn't about the pricing itself, or lead times...it's about

### Ascorbic Acid, USP, Kosher

Individual products don't usually make the head article of our TradeTalk issue, but **Ascorbic Acid** certainly seems to have taken on a life of its own. Like so many of the Chinese dominated commodities (see Citric Acid!), Ascorbic (aka Vitamin C) had dropped in price from the \$15/kg range to under \$3/kg on a contractual basis. The closure of one American plant and the

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## Products

The following is a list of our strongest products.

- Aluminum Paste
- Ascorbic Acid
- Benzyl Alcohol
- Caustic Soda (Beads, Flakes)
- Chlorinated Polyethylenes
- Citric Acid
- DiPropylene Glycol
- Epichlorohydrin
- Epoxy Resins
- Fumaric Acid
- Glycerine
- Glycol Ethers
- Gum Rosin
- Hydrocarbon Resins
- Maleic Anhydride
- nMP
- NP 9.5 mol
- Pentaerythritol
- Polymeric MDI
- Propionic Acid
- Propylene Glycol
- Titanium Dioxide



Quality - Responsibility - Stewardship

**TR INTERNATIONAL IS A CHEMICAL DISTRIBUTOR AND INTERNATIONAL TRADING COMPANY.**

**We provide industry with cost-effective raw materials and solutions to sourcing difficulties. Through our extensive, well established international supply channels, and experienced logistics and warehouse staff, we meet our customers specific needs and delivery requirements anywhere in the world.**

# TRI PRODUCT POSITIONS:

**Caustic Soda, Beads, and Flakes:** We have an exclusive import position with bags, supersacks, and drums. 50 lb bags are available.

**Ascorbic Acid:** Please call us with any inquiries. We have USP Kosher material available from Hebei Welcome, NE General Pharmaceutical, and Weishing in stock in several locations throughout the US. Also, **Citric Acid USP:** Chinese material, available in 50lb bags

**Fumaric Acid:** (Technical grade and food grade): Import position. Stock in New Jersey, Houston, and St. Louis.

**Epoxy Resin:** Exclusive import position with Thai Epoxy. Our territory is west of the Mississippi River. We stock drums and bulk on the West Coast and in Houston, TX. Additionally, **Hydrocarbon Resin:** Exclusive import positions with Yuen Liang. We stock in multiple locations throughout the USA.

**Propylene Glycol:** (Tech, and USP Kosher) **and DiPropylene Glycol:** We stock drums and bulk of both domestic and imported material in Houston, New Jersey, Ohio, St. Louis, and L.A.

**Epichlorohydrin:** Japanese material, we stock in Houston, TX.

**Polymeric MDI:** Import material, available in drums.

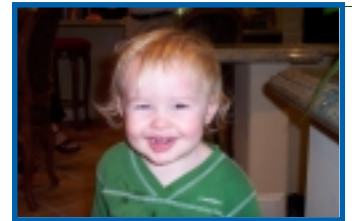
**Titanium DiOxide:** Imported, Kerr-McGee technology. Chloride process, selected grades available.

**Glycol Ethers:** We stock both drums and bulk material in Houston, New Jersey, and on the West Coast. These are both Propylene based (PM, DPM, PM Ac, DPM Ac) and Ethylene based (EB, EB Ac, EE, EE Ac, etc....).

**Glycerine:** (Technical grade, and USP kosher): We stock both domestic and imported. There are drums and bulk available. All locations throughout the USA.

**Benzyl Alcohol:** Bayer factory pack drums and bulk. We stock in New Jersey, Chicago, Houston, and Los Angeles.

**Featured Product! Chlorinated Polyethylene:** TRI is proud to represent Hynova Polymer & Elastomer Co. LTD's line of CPE, trade name WYREN. CPE's serve as advanced impact modifiers for PVC plastics. They are used in a wide variety of applications including window profiling and PVC siding, where the adoption of CPE results in superior fusion flowability, improving PVC's jet molding processability. CPE's are also used in production of wire & cable, hose, magnetic rubber, and retardant ABS. Please call us with any questions regarding our Elastomeric and Resin lines of CPE.

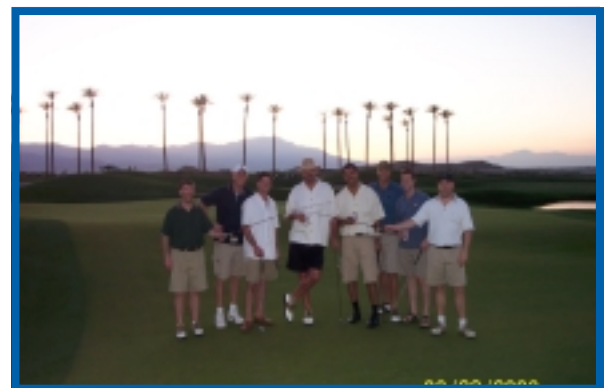


*Row's son Owen partying with the big boys in Palm Springs*

## TRI Travels!

### Company trip to Palm Springs!!

As several of us look to fly to the NPRA in San Antonio at the end of March, the entire company was lucky enough to enjoy the first company-sponsored trip to Palm Springs, California!! The heat was a welcome respite from Seattle and Chicago's winters, and TR was looking forward to settling some scores on the links! Half the company flew down Thursday to Sunday, and half Friday to Monday to ensure that we had coverage in the office- after all, our customers come first! The trip was a great team builder, and tons of fun was had by all....but we all must remember an old rugby saying... 'What goes on tour, stays on tour'!!



*John Godina, Mike Weber, Bryan Streiker, TR, Bareq Peshtaz, Sam King, Matt Leonard, and Rowland Morgan at Landmark- Home of the Skins game.*

### 5th Annual Famous Fishing Trip!

We will hold our fifth annual 'Customer/Supplier Appreciation' fishing trip to Quadra Island, British Columbia again this summer. The King Salmon will be biting and the oysters will be plentiful, so if you are a customer get your orders in, and if you're a vendor, get those prices down! Be a part of this trip- it is always a great one!!



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shutdown of another by the FDA has created a situation that the major Chinese manufacturers seem to have taken advantage of. Last Summer there appeared to be self-imposed curtails of supply from China, and export quotas recently imposed have further limited the supply of Chinese material. This supply shortage combined with the increased demand in the Western world for its anti-oxidant and health benefits have caused the price of this commodity to jump over 4-fold. At last notice, full container pricing out of China had hit the \$13/kg mark again. Please call us with any Ascorbic Acid inquiries, we are currently stocking material in several locations throughout the United States, and are also shipping to Europe.

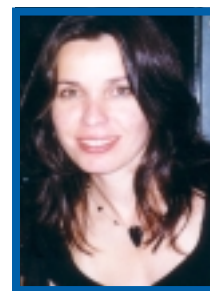
## TRI's Operations and Personnel

As reported in the last TradeTalk, TRI has successfully implemented **Navision**, a Microsoft owned fully integrated logistics and accounting package. We are hoping our customers and suppliers are seeing the net benefit of this implementation with more accurate paperwork, and more importantly – more timely access to information. We are now able to advise customers by fax or e-mail the current up to date status of all their orders in real time immediately upon request. It sounds easy, and should be – but as we all know, it can be a difficult task. Please ask for your **Order Status Sheet** at any time!

For the second time, we need to bid adieu to **Narady Chea** and thank her for outstanding service as our Operations Manager. Narady had left us once before to take an extended journey overseas, and came back to us three years ago. She leaves now with our operations team well trained and in much better shape than before her arrival. Thank you Narady. For anyone who works with **Shondra Garrigus** or **Regina Carter**, you know the level of excellence we have come to expect in our operations department. Rather than try and promote one of them to replace Narady (an impossible choice), we proudly promoted both of them and were able to hire two new people in the ops department. Having four people instead of three will allow us to be considerably more proactive in resolving problems and logistics issues, and allow us to provide greater service to all customers and vendors. We welcome **Carrie Akerstrom**, who was previously in sales at a software development firm, and **Renata Hardonova**, whose training in the logistics department at Phillips Electronics in the Czech Republic has

already served us well.

**Kara Smith** has moved into the Executive Assistant position, and has thrived there, allowing TRI's management to focus on their business at hand while facilitating many of the often-overlooked tasks of running an efficient office. Kara's creative skills will soon be showcased as we begin to advertise in industry trade journals such as the CMR and CPI Purchasing Magazine.



*Renata!*

**Matt Leonard** (our most recent rugby playing import from New Zealand) has obtained his 'green card' and we were able to move him to assist CFO Lisa King in the comptroller position. Matt has done an outstanding job, particularly tying together our credit controls.

**Brian Gorzoch** continues to be invaluable in his role as IT Manager. His new project will take him into a revenue-producing role as he explores the Internet, looking at the various chemical exchanges and exploring ways to generate revenue using this new medium.

Thanks again to all our customers and vendors we work with. We appreciate every one of you and thank you for your support of TRIInternational's business.

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## Q2 Report



How does the old saying go? March comes in like a lion and goes out with \$0.10/lb price increases. We have not seen a period like this in the chemical industry for a very long time. Producers are demanding price increases, threatening to shut plants and/or declaring force majeure if they do not receive support from the consumers. Many products are on allocation. **Propylene Glycol** will have gone up by \$0.12/lb as of April 1<sup>st</sup>. **Caustic Soda** is up by \$0.03/lb as of April 1<sup>st</sup> and a very strong potential for another \$0.03/lb on May 1<sup>st</sup>. **Ethylene Glycol** and **DiEthylene Glycol** have skyrocketed in the past 60 days. Depending on product and location pricing has moved by \$0.10-0.20/lb. These are over 100% price increases! **Glycerine** is up anywhere from \$0.07/lb to \$0.20/lb depending on particular grade and packaging.

The container shipping lines are going to be trying to raise container rates by \$500.00 per box at the end of March or early April so we will see increased prices for imported products. The Euro is so strong that bringing material in from Europe is not as cost-effective as in 2001 and 2002. European products have also gone up dramatically in price, assisting the U.S. producers in putting through price increases.

**Epoxy Resin** and **Hydrocarbon Resins** will be affected by both raw material costs and shipping costs. We will do everything we can to minimize our increases to our customers. But we have already seen announced increases of \$0.04/lb by domestic manufacturers of HC Resins. The increases in both Epichlorohydrin and Bisphenol A should force prices up for Epoxy Resin.

The only silver lining is that business seems to be maintaining a steady pace across many different industries. As always, if you have any immediate requirements please contact your sales representative, we will try to assist everyone in this most interesting of times.



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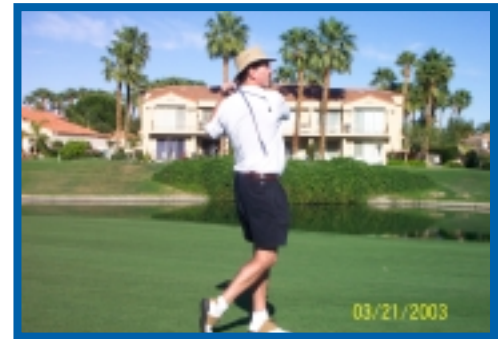
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*TR with absolutely great form, but no one is saying where the BALL went- let's just let him have the benefit of the doubt, shall we? :)*



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*At left, Bareq, TR, and Alison Vail (Bareq's girlfriend) "roughing it" in the pool at the house in Palm Springs.*

*Sam King trying to win big at the TRI Golf Tourney at Landmark- c'mon, Sammy, stop bending those knees...*



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