

32nd Annual Report



2005

ETAD[®]

ECOLOGICAL AND
TOXICOLOGICAL
ASSOCIATION OF DYES
AND ORGANIC PIGMENTS
MANUFACTURERS



Mission Statement

THE PURPOSES OF THE ASSOCIATION ARE THE FOLLOWING

To coordinate and unify the efforts of manufacturers of synthetic organic colorants to minimize possible impacts of these products on health and the environment



To achieve these ends by the most economic means without reducing the level of protection of health and the environment



To encourage harmonization of health and environmental regulations in key geographical areas

To represent the positions and interests of the manufacturers of organic colorants towards authorities, public institutions and media



To promote responsible environmental and health risk management during manufacture, transport, use and disposal



To enhance the recognition of the commitment of ETAD members to responsible behaviour with respect to health and the environment

Mission Statement	2
Contents	3
Introduction	
ETAD Member Companies	4
From the President 2004/2005	5
Annual Report 2005	
Preface	6
Facts & Figures	7
General Assembly	8
Operating Committees	9
Activities & Information	17
General Information	
Organization and Members	18
Code of Ethics	21
Benefits of ETAD Membership	23
Offices	24



Introduction

ETAD MEMBER COMPANIES

ALBION COLOURS LTD.

England

ALIACHEM A.S.

Czech Republic

ATUL LIMITED

India

BASF AG

Germany

BEZEMA AG

Switzerland

CAPPELLE PIGMENTS N.V.

Belgium

CAREY INDUSTRIES, INC.*

USA

CIBA SPECIALTY CHEMICALS CORP.*

USA

CIBA SPECIALTY CHEMICALS INC.

Switzerland

CLARIANT PRODUCTS (SWITZERLAND) LTD.

Switzerland

CLARIANT CORP.*

USA

DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD.

Japan

DAINIPPON INK & CHEMICALS INC.

Japan

DYSTAR L.P.*

USA

DYSTAR TEXTILFARBEN GMBH & CO. DEUTSCHLAND KG

Germany

EC PIGMENTS

England

EVERLIGHT CHEM. INDUSTRIAL CORP.

Taiwan, R.O.C.

EVERLIGHT U.S.A., INC.*

USA

FRANCOLOR PIGMENTS SA

France

FUJIFILM IMAGING COLORANTS LTD.**

England

HEUBACH GMBH

Germany

HODOGAYA CHEMICAL CO. LTD.

Japan

KYUNG-IN SYNTHETIC CORP.

Korea

LANXESS CORP.*

USA

M. DOHMEN GMBH

Germany

MITSUBISHI CHEMICAL CORP.

Japan

NIPPON KAYAKU CO., LTD.

Japan

OH YOUNG IND. CO. LTD.

Korea

ORIENTAL GIANT DYES & CHEMICAL IND. CORP.

Taiwan, R.O.C.

RIFA INDUSTRIAL CO., LTD.

Korea

SANYO COLOR WORKS LTD.

Japan

SENSIENT COLORS INC.*

USA

SETAŞ KIMYA SANAYI A.S.

Turkey

STAHL INTERNATIONAL BV

Netherlands

SUNCHEMICAL A/S

Denmark

T&T INDUSTRIES CORP.

Taiwan R.O.C.

TENNANTS TEXTILE COLOURS LTD.

Northern Ireland

TFL LEDERTECHNIK GMBH & CO. KG

Germany

THAI AMBICA CHEMICALS CO., LTD.

Thailand

TRI-TEX CO INC.*

Canada

TOYO INK MFG. CO., LTD.

Japan

* member company of ETAD North America
** following acquisition of Avecia's colorants
interests

Current list of members under:
www.etad.com



Dr. Erwin Stark (BASF)
President of ETAD

It was a great honour to be elected ETAD President at the General Assembly on May 20, 2005 in Istanbul. I would like to thank my predecessor, Dr. F.-M. Stöhr, for his dedicated service to ETAD during his two years as President of the Association.

The pace of the global transformation process in the colorants industry is unprecedented.

The relocation of the textile and leather dye manufacturing industry to the Asian Pacific Rim is followed by a similar development of the traditional pigments industry.

At the same time as rearrangements of the colorants are being driven by the market forces, the development of chemical legislation picks up momentum in China and other Asian countries and additionally Europe is close to the enactment of its most impacting piece of chemical legislation over the past few years in the form of REACH

(Registration Evaluation and Authorisation of Chemicals). Associations of the colorants manufacturers as part of the specialty chemical industry face the challenge of extended testing programs of new and existing substances with its consequences on classifications, potential restrictions and rulings. The business operates in a global chain that requires constant adaptations and associations have to transform synchronously.

In each major region chemical associations have addressed and bundled the issues of the local industry. The ETAD member companies have a global business and seek close cooperation with the colorants sector groups of all regions and key countries to achieve its goal of a harmonised approach for health and environmental protection. The most recent example is the formation of an ETAD Operating Committee in China on 22 September 2005.

In order to be successful, associations have to bundle and coordinate their activities globally. ETAD has close liaisons with CPMA and SOCMA in North America, it is part of the European CEFIC cluster Eurocolour, and it will closely cooperate with CDIA in China. Strengthening cooperation of existing regional committees is in progress in

India (with ICMA), Japan (JOC) and Brazil (BROC).

ETAD has established its reputation and recognition by customers and regulators through its high quality responsible care program with specific requirements for its member companies on the implementation of the Code of Ethics.

It is remarkable that after more than thirty years since ETAD's foundation the early objectives of 1974 are still at the heart of ETAD's vision in 2005:

- The development of selective projects and the establishment of rational criteria to address issues of consumers and regulators;
- Promotion of Responsible Care by our member companies to improve the image of the industry and reduce regulatory excesses whilst maintaining high levels of safety;
- Sustain and gain further international recognition for ETAD as the advocate for the leading and responsible organic colorant manufacturers, in order to influence regulators to harmonise essential legal requirements, thus reducing the overall cost burden on the industry;

The fulfilment of this vision results in a benefit to the whole chain in the market: Members, customers, consumers, the environment and regulators.

The framework involved in maintaining and constantly improving this strategy is based on a dense network of contacts with all parties involved:

- Retailers will recommend sourcing of dyes and pigments if they get adequate assurance by compliant suppliers;
- Customers will increasingly count on cooperation and exchange of information to meet regulatory requirements (examples: azo ban, REACH);
- Regulators are receptive to constructive cooperation at technical level leading to cost-effective risk-based regulations.

Please take the time to read the reports of the committee chairmen whom I thank for their dedicated work and active contribution to make ETAD successful.

Annual Report 2005

P R E F A C E

ETAD's worldwide recognition as a leading association in terms of its high profile on health and environmental affairs for organic colorants is based on its global network of operating committees that constantly contribute their knowledge to the up-to-date technical and scientific level. The corresponding chairmen of committees and working groups together with their active experts assume an extra burden of commitment to contribute to the advancement of the association.

6

Reduced income and very limited resources have led these groups to operate efficiently and in close networks to achieve ETAD's mission. The main achievements of ETAD during 2005 are reported in the following committee reports. ETAD highly appreciates these contributions from our member companies' experts as well as all others who have contributed to the success of ETAD and in return to the benefit of their own member companies. Equitable contributions from all member companies are the key to the collective success.

The shift in the manufacturing chain and the rapidly growing markets especially in China and India have been pro-actively addressed by ETAD, and resulted in the foundation of a Chinese Operating Committee which held its inauguration meeting in Zhuhai on 22 September 2005.

The constant development of ETAD's responsible care program is based on industry consensus to improve permanently the standards in the supply chain. Back-integration has transformed former customers of organic colorants into manufacturers (e.g. pigments in printing inks) and traditional manufacturers into formulators (e.g. for textile dyeing and finishing) with concomitant change in ownership. The ETAD Board has addressed these changes by adopting new by-laws so that a manufacturer is eligible to become or remain a member company if the colorants which are produced under contract by a toll-manufacturer are manufactured under control of the member company, which applies and supervises its own technology to fulfil the same standards as laid down in ETAD's Code of Ethics.

New developments and trends in the packaging industry have led to national and regional initiatives to implement or propose corresponding legislation. Like other consumer goods, packaging material circulate in a global market, and hence the generation of a different legislative framework or even national positive lists will lead to trade distortions and not serve the goal of proportionate consumer

safety. ETAD is determined to play its global role in pursuing harmonization of requirements for organic colorants.

REACH is gradually surfacing to exhibit its final dressing during 2006. Yet there appears to be little appreciation of the complexity of the chemical industry and its interdependencies, both internally and with its customer industries. Many colorants have niche applications outside the major sectors of textile, paper and leather (for dyes) and printing inks, paints and plastics (for pigments). Only exceptionally are articles likely to be restricted, but their manufacture nevertheless involves many chemical substances, usually as preparations, which will be subject to REACH. In the end what will count is the way the new regulation will be implemented.

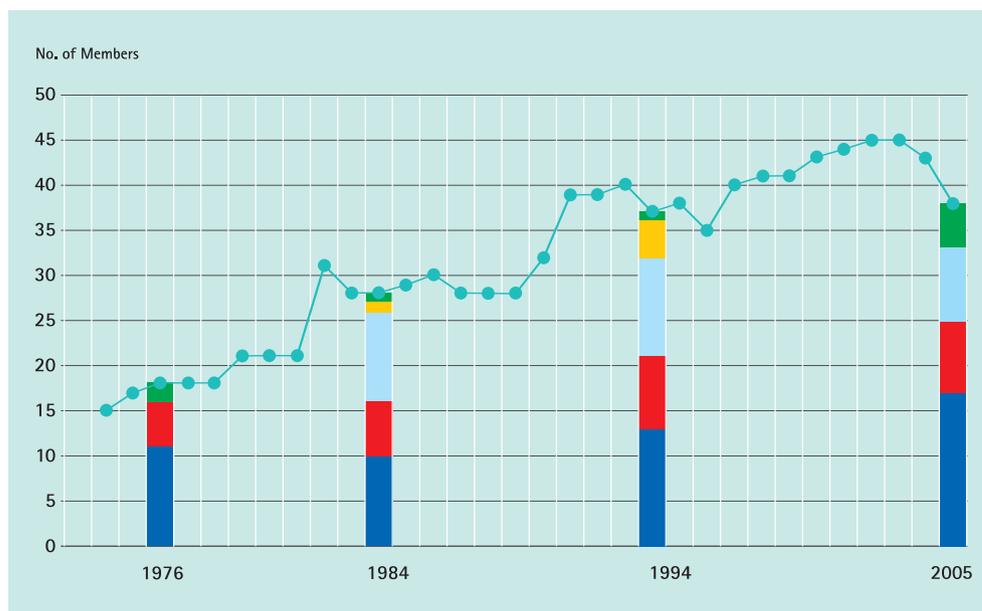
ETAD will cooperate with the authorities, customers and other industry groups to find practical solutions for these complex issues.

FACTS & FIGURES

Membership

Lanxess AG and Miike Dyes Works Ltd. ceased ETAD membership due to reduced activities in their colorants business.

Rohm and Haas Company ceased membership in ETAD NA.

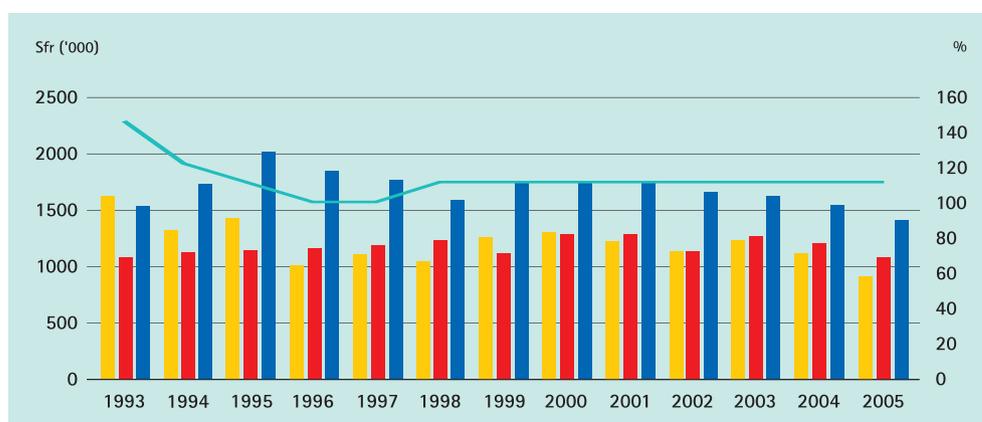


Growth and changing regional composition of the ETAD membership.

Finance

ETAD is a non-profit association. The operating expenses are recovered mainly by means of payments by the ETAD member companies. In 2005, total income was SFr. 0.94 million compared with total expenditure of SFr. 1.07 million, resulting in a loss of SFr. 131'770.

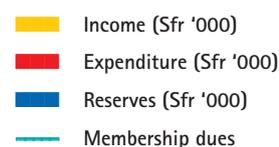
Annual income and expenditure has been closely balanced over past years. However, a decreased income since 2002 due to a concomitant loss of membership has led to a decrease in reserves despite a drastic reduction of expenditure. The admission of new member candidates will help to avoid an increase of dues.



Summary of Income/Expenditure 1993 - 2005 (excluding ETAD North America)

The accounts of ETAD North America are kept separately from those of the Basel office to mitigate the effects of exchange rate fluctuations on the financing of the operations in North America. During 2005, the total income was \$ 161'785 and total

expenditure \$ 208'689. The deficit of \$ 46'904 results in a closing balance of \$ 27'221. The decline in US dye sales and the resultant loss of membership income led to a reduction of administrative support in 2005.



Annual Report 2005

31ST GENERAL ASSEMBLY

The 31st Ordinary General Assembly of ETAD was held in the Hilton Hotel, Istanbul on May 20, 2005 commencing at 9.00 hr. The President, Dr. F.-M. Stöhr, opened the proceedings by welcoming the attendees to this 31st anniversary meeting.

Out of the current ETAD membership of 43 companies, 36 were present or represented by proxy. Of the current total vote entitlement of 100 votes, 87 votes were represented at the meeting.

The minutes of the 30th Ordinary General Assembly 2004 and the Annual Report 2004 were approved unanimously. The General Assembly also approved unanimously the report of the Treasurer and chartered accountants (PriceWaterhouseCoopers AG) and the Budget for 2005, as presented by Dr. H. Motschi. Despite a small loss it was possible to avoid any increase in membership costs for the eighth successive year. Dr. T. Helmes presented the accounts for ETAD North America and its Budget for 2005.

The Board proposal for its composition for 2005/2006 was presented. There were no additional nominations and the Board proposal was accepted unanimously.



The President, Dr. Stöhr, thanked the Assembly and the Board for its support during his two years as president of ETAD. On behalf of the Assembly and the Board Dr. Motschi thanked Dr. Stöhr for his excellent service during his time in office. His many valuable contributions to the discussions in the Board and Executive Committee had been greatly appreciated.

Before closing the General Assembly meeting, Dr. Stöhr handed over to Dr. Stark, the newly elected president for closing comments.

Dr. Stark highlighted three important aspects that were discussed in the preceding Board meeting:

– As a global association ETAD has to assure that it is equally active in all regions. A renewal of regional activities is especially needed in India (IOC) and Brazil (BROC);

– Industry has adjusted in constantly adapting to a rapidly changing environment with which associations have to keep pace. Dr. Stark gave a strong plea to co-ordinate activities with other associations, e.g. Eurocolour and CPMA;

– Concerning the activities in the context of REACH Dr. Stark emphasised the leading role of the chemical industry and cautioned that associations should not take the initiative.

The meeting was followed by a Seminar on Colorant Users Activities in Turkey at which the following presentations were made:

Mr. Osman Başar (Turkish Textile Dyers and Finishers Association):

– Textile quotas and activities with CRIET



Mr. Hans-Günter Just

(Otto Versand, Germany):

– Ecological Standards in Turkey, Perspective of a Retailer

Mr. Selçuk Aksoy (President of the Turkish Plastics Industry Assoc.) & **Mr. Doğan Erberk:**

– Food packaging regulations in Turkey and the neighbouring countries, consumer legislation and its effect on the coloration of plastics.

The year 2005 presented a continuation of the existing projects and issues. After three years of excellent guidance to this operating committee, Dr. Anette Weber of Dystar handed over the chairmanship after the May meeting to M. Dohmen of M. Dohmen GmbH. A second change in EOC members is the departure of Birgit Schmidt-Sonnenschein as a consequence of Lanxess terminating its ETAD membership from 2006. We are thankful for her participation and support for the EOC.

REACH

The new EU Chemicals Policy became even more imminent as a threatening burden. To get a first idea of the number of dyes that may need registration, ETAD members started to identify all common disperse dyes on the EU market by Colour Index and CAS No.. This ETAD initiative extended only to naming of dyes with interest for registration under REACH. Based on the success of this initiative on disperse dyes the class of acid dyes was also selected. In order to facilitate the grouping of dyes for registration, structural similarities, e.g. monoazo, disazo, anthraquinone were taken as criteria.

Inhalation sensitisation of reactive dyes

Further extension of the project has been halted because of a lack of unequivocal negative as well as positive controls to validate the cytokine profiling method. ETAD received 8 case reports under phase II of the project until May (no further thereafter), most of them obviously due to the poor fastness properties of the dyed article. The Informationsverbund Dermatologischer Kliniken (IVDK) and the German Allergy Group (DKG) informed in August 2005 that they will request to participate in the ETAD project. The project with Maibach was agreed to be closed in spring 2006, unless new developments arise, e.g. IVDK requests further studies.

The amount and diversity of legislation affecting the pigments industry continues to increase and is of constant concern to the POC members. As a committee we strive for a constructive dialogue with authorities and aim towards global harmonisation. However different countries or trade areas are at different stages in the development of their chemical legislation, authorities as well have differing priorities all of which makes harmonisation difficult.

Food Contact

These "harmonisation" problems were highlighted over the past years especially in the food contact area. In 2004 France notified its new Positive List to the EU Commission and in spite of concern being expressed by many associations it was accepted by the authorities.

In 2005 the Ministry of Health in China announced its intention to re-draft their Food Hygienic Standard. ETAD has taken the lead as regards colorants to be listed, but the total list of substances for which approval is being asked for by industry as a whole is of the order of 2000 which poses a monumental task for the Chinese authorities. We follow the development and respond to requests for information, but we have to respect that China may decide to implement a different legislation.

A constructive dialogue was held with the UK Food Standards Agency which led to a better understanding of both parties. ETAD were able to comment and input to PIRA report on the migration of pigments from plastics into food simulants.

PBT/vPvB

PBT/vPvB substances remain high on the radar of the worldwide authorities. In the EU under REACH legislation products with an R53 classification could require to be authorised, while in Japan chemicals with high BCF are closely watched and if necessary withdrawn from commerce. While this law is a "Japanese Law" it has global consequences as it affects also articles which may contain a banned substance.

ETAD continues working closely with the authorities to provide robust data and methodology to determine the solubility of colorants in n-octanol and water. Indeed some of the ideas which came out of the UK/ETAD joint study, "The Atkins Report" have been developed within the ECB to establish screening criteria for the assessment of the potential for substances to bioaccumulate.

Based on this approach and with the data submitted by ETAD the diarylide pigments were delisted. (ECB meeting, Helsinki 16 - 17 June).

Other Activities undertaken in 2005

Canada: ETAD acted as the focal point for the collection of data for submission to the CPMA for the DSL categorisation process and for the HCB regulations.

Analytical Group: The analytical experts group continues to work on refining the solubility method. Additionally a program of work has been started to review and as necessary update the ETAD test procedure for free amines (ETAD test method 212).

REACH: As a committee we have followed the development of this legislation and have started to consider its implications especially how manufacturers and importers can best work together on the submission of data.

The Regulatory Affairs Committee (RAC) is composed of experts who are responsible within their companies for world-wide regulatory compliance.

During 2005 nine ETAD member companies participated in the RAC committee.

The role of the Regulatory Affairs Committee (RAC) continues to grow in importance and scope.

RAC's main remits are:

- Monitoring the developments of chemical control regulations world-wide;
- Ensuring awareness among member companies of new regulatory requirements;
- Providing advice on the interpretation of the regulatory requirements;
- Assessing the potential impact for the colorants industry.

The 2005 highlights can be summarized as follows:

European Union Chemicals Policy (REACH)

The initial input and proposal for a data sharing project on disperse dyes has been presented to the EOC, which has agreed to commence with disperse dyes. 20 Companies were contacted and 8 provided information. The project has also been extended to acid dyes. The first step in the project started with generating substance lists, which were sorted according to structural similarities, e.g. monoazo, disazo or anthraquinone groups to identify further possibilities for groupings or cross-reading.

GHS (Globally Harmonized System)

The intended GHS implementation leaves some open questions. There is an uncertainty on the interpretation of the building block approach since presently hazard classes and hazard categories are considered as building blocks. Countries are free to choose whichever hazard blocks options they feel appropriate. The UN subcommittee of experts, that has the lead for developing the GHS document, sees clearly the need for providing guidance on the interpretation of the building block approach.

What should industry's approach be regarding uniform classification, labeling and MSDS creation?

Country Monitoring

National changes and regulations have been closely monitored and will be placed in the ETAD e-room.

Outlook

REACH: With the decisions on 17.11.2005 of the European Union Parliament and the compromise agreement on 13.12.2005 in the European Union Council of Ministers the cornerstones was set for the future European chemical legislation. The adoption of the REACH regulation is expected in 2006 and will enter into force in 2007. Thus, a lengthy discussion and decision-making process will be finished. The enterprises and authorities will thereby have to accept the challenge of implementing REACH.

GHS: The Globally Harmonized System of Classification and Labelling of Chemicals is the culmination of more than a decade of work. It will come in force simultaneously with REACH, which will increase the workload not only of RAC but in general that of the chemical industries.

Thanks

We would like to thank Aloys Westerkamp and John Moore, both former chairmen of the RAC, for their enthusiasm and valuable contributions to the RAC and we welcome their successors Helen O'Shaughnessy and Eric Schultz.

During 2005, there were a few issues related to Japan's dyes and organic pigments industry sectors. Three major topics are highlighted which developed during last year and will continue to be discussed next year. They are described in brief as follows:

1. ECO-Mark for fabrics made of the recycled PET fibres and its blends

Continuous discussions were held between Japan Environment Association (JEA) and the related industrial associations, such as JOC, Japan Dyestuffs and Industrial Chemicals Association (JDICA) and Japan Textile Finishers Association (JTFA) about the idea of providing information in the explanatory section of the ECO-Mark standards about skin sensitizing properties of some dyes, which are not yet identified as allergens. This information is not a criterion for the ECO-Mark and allows the use in the ECO-Marked products. It is obvious that information of risks during the manufacture of chemicals is very useful. However, it has to be considered that this information is relatively old (more than 20 years), and covers a small number of study reports. In addition the lists of criteria in the standards are set as negative

lists, i.e. restriction of use. The new announcement of old reference information attached to the criteria may be misleading about the intentions, creating a public perception that this reference chemicals list should be regarded as a candidate for further restrictive steps, sooner or later.

The industry's approach to the JEA is to suggest this information should be kept within the organization only as reference information until enough information is available to come to a final decision.

2. Residual FBAs* in recycled paper product for food packaging

This is an issue for the paper manufacturing industries mainly and has limited consequences for the FBA manufacturers. The working groups formed among the authorities and concerned associations were set up to find solutions against this issue. The JDICA is committed to the working group as the representative of both JDICA and JOC. The use of paper products made from recycled fibres intended to come into contact with food is questioned, but currently is allowed if precautionary measures are taken in the production process, i.e. the system of collecting used

papers and the quality of recycled papers. The Food Safety law specifies no FBAs in its positive lists for such purpose of use, and therefore, detectable fluorescent effects caused by FBAs is not allowed in the food-related products with direct food contact. The current detection method, which extracts FBAs from not only surface layer but also all layers of paper products, is rather strict for food contact materials made from recovered fibres. The working groups will propose a more suitable method together with quality criteria for food packaging materials made from papers of recycled fibres.

3. Japan HPV Program

An idea of the Japan HPV Program came up during the discussions for a revision of the Chemicals Law system of last year (2004). So far, collecting information for the existing chemicals is a duty of the authorities, but the limited resources for this purpose resulted in the number of reviews completed to lag far behind the number of reviews scheduled to be in compliance with the laws requirements. This new scheme has set an independent program from the law's requirements. The objectives of the program are to collect a set of minimum infor-

mation on HPV chemicals as in the OECD HPV program.

The priority chemical list was issued at the end of the third quarter and covers eight chemicals (one FBA and seven pigments) of interest to the JOC/ETAD and JDICA. Two of these pigments have no available information and volunteers are invited to collect the necessary information. According to the latest information on the web site of the authorities some volunteers are now available for these two pigments, of which some ETAD members are committed to the program. The other programs such as OECD or US challenge program already assessed six of these eight chemicals. For more information, consult the official web site: http://www.meti.go.jp/policy/chemical_management/03kanri/g_top.htm (Japanese only)

The JOC is a small ETAD working group and covers only the dyes sector. Commitment to the issues is sometimes difficult by limited resources available within JOC. Activities of JOC are always cooperative with the JDICA to solve the problem. The JOC express its thanks to the secretariat of JDICA for supporting its activities.

* Fluorescent Brightening Agents

Introduction

ETAD North America concentrated its focus in 2005 on core activities including the monitoring of regulatory developments in the U.S., Canada, and Mexico; advocating the industry's position to government authorities; coordinating testing program efforts; and addressing product stewardship needs.

Regulatory Developments in the United States

The following regulatory developments in 2005 will have potential impact on the dye manufacturing industry:

- EPA's amendments to the TSCA Inventory Update Rule (IUR) will require manufacturers and importers to furnish exposure data, site-specific downstream processing and use information, separate reporting of production and import volumes, and reporting of inorganics. The reporting cycle will be extended from four to five years with the timing of the submission period eventually to be moved from the end of the calendar year to the beginning. A new partial exemption for specific chemicals of low current interest will require a written rationale. Reporting of processing and

use information will be restricted to domestic activities only. Some CBI changes (e.g. maintaining company name CBI) will require more substantiation. An ETAD North America task force assessed the new regulations and identified approaches that will facilitate members' preparation of their reports, which are due in late 2006;

- EPA is developing new area source standards under the Clean Air Act for individual hazardous air pollutant (HAP) emissions of < 10 tons/year or combined HAP emissions of < 25 tons/year. The category of "cyclic crudes and intermediates" includes dye manufacturing. ETAD North America met with the EPA program official and agreed to provide information about the decline in U.S. dye production and the processes involved to document that emissions of concern are not likely to be present and that control techniques are in place;
- The Occupational Safety and Health Administration (OSHA) clarified that its Hazard Communication Standard requires that chemicals that are sensitizers and components of a mixture, regardless of percentage amounts

present in the mixture, must be identified in the Material Safety Data Sheet for the product;

- The EU REACH legislation will be relevant to ETAD North America members because of the direct impact on suppliers outside the EU and potential to influence legislation in the U.S. and other countries.

Hazardous Waste Listing Rule

The final hazardous waste listing rule for dyes and pigments manufacturing under the Resource Conservation and Recovery Act was published February 24, 2005. The final rule applies to nonwastewaters including wastewater treatment sludge, filter cakes, dust fines, and still bottoms from production of azo, triarylmethane, and anthraquinone dyes and pigments. The final rule excludes wastewaters.

The final rule reflects the successful culmination of a multi-year effort in which ETAD North America provided extensive technical information to EPA in opposition to the agency's initial proposals to establish an onerous regulatory regime. ETAD North America plans no further action because

the final rule uses a flexible regulatory approach that focuses on total quantities of the constituents of concern considered to present the greatest risk (i.e., aniline, o-anisidine, 4-chloroaniline, p-cresidine, 1,2-phenylenediamine, 1,3-phenylenediamine, and 2,4-dimethylaniline). Wastes containing less than specified mass loading thresholds (e.g. 9,300 kg/yr for aniline) are not listed as hazardous. Further, regulatory exemptions are granted for wastes either sent to landfill units meeting specific liner design standards or treated in approved combustion units. Accordingly, the final rule is expected to have no impact on ETAD North America manufacturers.

Chemical Testing

The Stilbene Whitening Agents task force consisting of Ciba, Clariant, and Lanxess fulfilled its obligations under the voluntary phase of the High Production Volume Challenge by submitting its test plans and robust summaries to EPA for the categories of stilbene whitening agents and stilbene intermediates. This completes the submission but the group anticipates needing to address comments and questions from EPA and

Annual Report 2005

ETAD NORTH AMERICA

various NGOs. The task force may also decide to prepare submissions on additional optical brighteners under the Extended HPV program as explained below.

In March, the American Chemistry Council, Synthetic Organic Chemical Manufacturers Association, and Soaps and Detergents Association jointly announced the Extended High Production Volume (EHPV) Program in which they committed to making available exposure, health, and environmental information on about 500 "new" HPV chemicals based on the 2002 IUR reporting. ETAD North America's executive director is monitoring the new program by participating in chemical industry trade association meetings and maintaining contact with EPA's program staff. Members began to review the EHPV list and will consider forming consortia as needed.

ETAD North America continued to follow developments in various biomonitoring programs even though no dyes appear yet on any of the study priority lists. At issue is how to evaluate the results of biomonitoring and the implications of those results for the chemical industry in general. Industry wants to ensure that validated screening methods and

a meaningful list of subject chemicals are used.

The members also followed progress in development of an endocrine disruptors test program. EPA has published an approach to selecting the first group of 50-100 chemicals for screening, based on potential for human exposure and multiple pathways, but has not yet defined what tests to use for screening.

Exposure

An ETAD North America task force evaluated EPA exposure assessment case studies to develop trigger points and general guidance that could help dye manufacturers in a number of ways such as strengthening PMN applications, complying with IUR reporting requirements, responding to customer inquiries, educating authorities, coordinating responses to testing initiatives, and fulfilling product stewardship obligation.

ETAD North America members participated in the canvass balloting process sponsored by ACC to approve a proposed revision to the American National Standards Institute (ANSI) standard for hazardous industrial chemicals precautionary labeling. After initially voting to

reject the proposed revision because of a number concerns about the scope and content of certain sections, members agreed to vote for approval after reviewing the subsequent changes and explanations made in response to the ETAD comments.

Canada

In August, ETAD North America submitted comments to Environment Canada to address the agency's approach to categorization and screening of the Domestic Substances List (DSL) based on predicted persistence (P), bioaccumulation (B), or inherent toxicity (IT). In the ETAD comments, which were prepared with the assistance of the Secretariat and members of the EOC, arguments were presented for using more appropriate models and scientific rationale for dyes. Supplemental experimental data on octanol solubility and melting points were submitted in October for selected disperse dyes. Canadian officials expect to publish the final categorization in September 2006.

In a related development, Environment Canada plans to requalify approximately 1100 substances on the DSL because of uncertainty about their commercial use during the years 1984 - 1986. ETAD North America members are working through Canada's Industry Coordinating Group to advocate that the authorities reconsider these plans.

Mexico

No new regulatory developments or membership opportunities were noted in Mexico during 2005.

Textile Industry

During 2005 the Textile Industry in Brazil was under strong pressure due to increasing imports of garments and fabrics from China. Especially in synthetic material the import growth was over 50% compared with the previous year. This development was somehow assisted by the favourable exchange rate evolution and an extraordinary strong local currency. Furthermore the local consumption of textile goods has decreased because of local high interest rates and lower purchasing power of the middle class population. Also the imports of textile dyes from China are on an upward trend and have a negative impact on the local production of dyestuffs. With regard to environmental issues substantial changes in legislation did not take place and the requirements do not differ from the previous year. The trend is of course to use processes which allow energy and process-water saving.

For 2006 a more positive occupation in the Textile Industry is expected. The main factors for this trend are reduced local interest rate, controlled imports of textile goods from China and a weakening trend of local currency.

Pigments

During 2005 the Brazilian organic pigment industry has been strongly pushed by the low prices practised by brokers who commercialize products from India, Korea and mainly from China.

Unfortunately the revaluation of the local currency versus the US Dollar of 17% in 2005 was in favour of increased import quotas.

Furthermore, the industries which consume pigments are also affected by the import of products like offset inks and toys for example.

The replacement of certain heavy metal pigments by organic pigments continues to be practised mainly by those companies which have a commitment to the environment.

This is done on their own initiative as the legislation in Brazil does not restrict the use of heavy metals.



Annual Report 2005

CHINESE OPERATING COMMITTEE (CHOC)

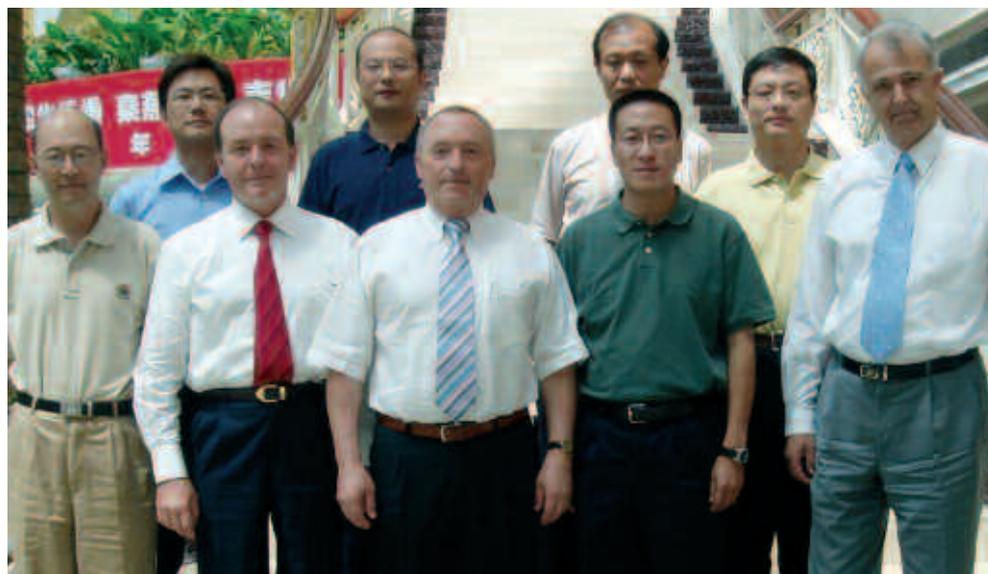
The concept of the Chinese Operating Committee of ETAD was proposed in early 2005 right before the Interdye 2005 Shanghai. ChOC representatives were selected from member companies represented in the Board at that time, both from the dyes and organic pigments section. Steve Liu from SunChemical was appointed as the first Chairman of the ChOC.

During the Interdye 2005 in Shanghai in April 2005, ETAD representatives from the Board (Mr. Foster (SunChemical), Mr. Gronier (Francolor Pigments SA)), Mr. Hopman (Dystar) the Exec. Director (Dr. Motschi) and most of the proposed ChOC members attended the ETAD meeting with CDIA (China Dye Industry Association), which resulted in a very friendly and fruitful communication and cooperation between both of the associations. ETAD and CDIA will be a good complementary partners in the future cooperation. CDIA is fully committed to support ChOC in the future.

ChOC started the dialogue with CDIA on possible areas of cooperation right after the April meeting, and then CDIA had a brief introduction regarding ETAD in their own Board meeting in July 2005 to promote ETAD among the Chinese Dye and Organic Pigment manufacturers. Many Chinese manufacturers show interest in joining ETAD.



From left to right: Dr. Herbert Motschi (Exec. Dir., ETAD), Shi Xianping (Vice Dir., CDIA), Liu Zhendong (Director, CDIA), Liu Hong Shan (Secretary-general, CDIA), Peng Youling (Deputy Sec.-General, CDIA)



In October 2005, during the CDIA Organic Pigment Committee annual meeting, Steve Liu made a presentation regarding ETAD which was followed by a presentation on how REACH will impact the Chinese pigment manufacturers. Dr. Motschi and Mr. Gronier attended the meeting which was held in Zhuhai.

ChOC has reserved a stand with Interdye 2006 which is going to be in April 2006, in order to promote ETAD among the Chinese dye and organic pigment manufacturers. Meanwhile ChOC is working on the registration of the ETAD China Representative Office to enable ETAD to have a legal entry into China.

From left to right: Zhao Qingxuan (Clariant), Nelson Pong (Toyo), Daniel Gronier (Francolor Pigments), Brian Zhang (Dystar), Dr. Erwin Stark (BASF), Chen Homing (Everlight), Steve Liu (Sun Chemical), Dr. Cai Lemin (BASF), Dr. Herbert Motschi (ETAD)

Position Papers

ETAD: EU Chemicals Policy and the colorants industry (October 2005)

ETAD: Diarylide pigments and the PBT/vPvB issue (December 2005)

ETAD North America: Comments on EPA's Proposed Amendments to the Toxic Substances Control Act Section 8 (a) Inventory Update Reporting Regulations (February 2005)

ETAD North America: Comments to Environment Canada on the Categorization and Screening of the Domestic Substances List (August 2005)

ETAD North America: Comments to the American Chemistry Council on the Proposed Revised ANSI Z129.1 American National Standard for Hazardous Industrial Chemicals – Precautionary Labeling (September 20, 2005)

ETAD North America: Comments to the World Bank Group on the Dye Manufacturing Chapter in the Existing Version of the Pollution Prevention and Abatement Handbook (December 2005)

Lectures

Motschi, H.: ETAD's benefits for colourants industry. Presented at the first meeting with the CDIA, Shanghai, China, 27. April 2005



General Information

ORGANIZATION AND MEMBERS

General
Assembly

Board of
Directors

Executive
Committee

Secretariat

EOC

POC

RAC

JOC

ENA

BROC

CHOC

IOC

Board¹⁾ of Directors 2005/2006

President	Dr. Erwin Stark	BASF Pigment GmbH
Vice-President	Dr. Davor Bedekovic	Ciba Specialty Chemicals Inc.
Treasurer	Mr. Stuart D. Foster	Sun Chemical Pigments International
	Dr. Ilesh Bidd	Fujifilm Imaging Colorants Ltd.
	Mr. Daniel Gronier	Francolor Pigments SA
	Dr. Ulrich Ott	Clariant GmbH
	Mr. Michael J. Smith*	Clariant Corp.
	Mr. Yoshimi Yamada ^o	Ciba Specialty Chemicals KK

Committee Members²⁾

European Operating Committee	Dr. Bruno Büttler	Ciba Specialty Chemicals Inc.
	Mr. Mark Dohmen	M. Dohmen GmbH
	Mr. Henri Gardère	Stahl International bv
	Dr. Hans-Werner Schneider	Clariant (Schweiz) AG
	Dr. Elena Schramm	BEZEMA AG
	Dr. Rezzan Karaaslan	Setaş Kimya Sanayi A.S.
	Dr. Anette Weber	DyStar Textilfarben GmbH & Co.

Pigments Operating Committee	Dr. Karin Beck	BASF AG
	Dr. Karl Brandt	Heubach GmbH
	Mr. Michael Cooper	EC Pigments
	Dr. Erwin Dietz	Clariant GmbH
	Mr. Marc Lanchec	Francolor Pigments SA
	Dr. Simon Lawrence	Ciba Specialty Chemicals Inc.
	Ms Jana Minarikova	Synthesia, a.s.
	Mr. Robert Mott	Sun Chemical Corp.
	Mr. Ralph J. Sørensen	SunChemical A/S
	Mr. Kikuo Tsuchiya	Dainippon Ink & Chemicals Inc.
	Mr. Frank Vermoortele	Cappelle pigments n.v.
	Mr. Daniel Ymbernon	Daicolorchem EU, S.A.

* Representative of U.S. Operating Committee of ETAD

^o Representative of Japanese Operating Committee of ETAD

¹⁾ The Board of Directors 2006/2007 will be elected at the General Assembly Meeting on May 19, 2006

²⁾ These lists give current membership (i.e. January 2006)

**Regulatory
Affairs
Committee**

Mr. George Kaye	Albion Colours Ltd.
Dr. Bruno Kunz	Clariant (Schweiz) AG
Mr. Mark L.H. Meesters	Stahl International bv
Mrs. Helen H. O'Shaugnessy	Fujifilm Imaging Colorants Ltd.
Dr. Alois Püntener	TFL France S.A.
Dr. Erich Schultz	DyStar Textilfarben GmbH
Mr. Michael Whitehead	Ciba Specialty Chemicals Inc.
Dr. Detlev Wormsbächer	Clariant GmbH

**Japanese
Operating
Committee**

Mr. Osamu Nishizawa	Mitsubishi Chemicals Corporation
Mr. Toshio Hihara	DyStar Japan Ltd.
Mr. Genji Matsubara	Clariant (Japan) K.K.
Mr. Osamu Motegi	Hodogaya Chemical Co. Ltd.
Mr. Yoshimi Yamada	Ciba Specialty Chemicals KK
Mr. Satoru Wakai	Nippon Kayaku Co. Ltd.
Mr. Hidenobu Kobayashi	Bayer Ltd. Japan

**ETAD
North
America**

Mr. Raymond J. Carey	Carey Industries, Inc.
Dr. Joseph DaSilva	DyStar L.P.
Mr. Scott Chen	Everlight USA, Inc.
Ms. Carole Dixon	Clariant Corporation
Mr. J. Thomas Dukes	Ciba Specialty Chemicals Corporation
Ms. Sue Ann McAvoy	Sensient Technical Colors
Mrs. Susan Van Volkenburg	Lanxess Corporation
Mr. Peter Benn	Tri-Tex Co., Inc.

**Brazilian
Operating
Committee**

Mr. João Batista Cortez	Clariant S.A.
Mr. Eide Paulo de Oliveira	Clariant S.A.
Mr. Wolfgang H. Guderle	DyStar Ltda.
Mr. Mauro Henke	DyStar Ltda.
Mr. Adriano Padua Pinheiro	BASF S.A.
Mr. Cesar Vieira Pinho	CIBA-GEIGY QUIMICA S.A
Mr. Carlos Seta	Bayer S.A.

General Information

ORGANIZATION AND MEMBERS

Chinese Operating Committee

Mr. Steve Liu	Sun Chemical
Ms. Christine Cai	Ciba Specialty Chemicals (China) Ltd
Mr. John Zhang	Ciba Specialty Chemicals (China) Ltd.
Mr. Brian Zhang	DyStar China Ltd.
Mr. Nelson Pong Tit Kwan	Toyo Ink Asia Ltd.
Mr. Zhao Qing Xuan	Clariant (China) Ltd
Mr. Yang Shujun	Clariant (Tianjin) Ltd.
Mr. Chen Ho-Ming	Everlight International Warehousing Trading (China) Co. Ltd.
Dr. Cai Lemin	BASF Auxiliary Chemicals Co., Ltd.

Indian Operating Committee

Mr. Prakash R. Chaudhari	BASF
Mr. H. B. Dhuvad	ATUL
Dr. R. Dutt	Heubach
Mr. R. Y. Mani	Clariant
Dr. G. G. Patkar	Colour-Chem

20

ETAD Staff

Basel

Dr. Herbert Motschi	Executive Director
Dr. Walther Hofherr	Deputy Executive Director
Dr. Pierfrancesco Fois	Chemist (Research and Documentation)
Mrs. Diana Colombo	Administrative Assistant

Washington

Dr. C. Tucker Helmes	Executive Director of ETAD North America
Ms. Lynne Jones Batshon	Manager

Legal Counsel

Mr. W. Richard Bidstrup	Legal Counsel of ETAD North America, Cleary, Gottlieb, Steen & Hamilton
Dr. Hans-Rudolf Uebersax	ETAD Legal Counsel

Preamble

The aim of ETAD is to minimize possible negative effects on health and the environment arising from manufacture and use of synthetic organic colorants and to ensure information on the best practicable protection is provided to the purchasers of these products.

To achieve this goal and to promote the image of a responsible and safety minded manufacturing industry, it is necessary that, in all aspects related to human and environmental safety, members be encouraged to adhere worldwide to a high ethical standard.

Therefore, at the proposal of the Board, the General Assembly of ETAD approves this Code of Ethics as a key policy of the Association. All ETAD member companies are obliged to comply with this Code of Ethics.

1. Principles of responsible care

ETAD members are committed to support a continuing effort to improve the industry's responsible management of synthetic organic colorants. Members shall develop, produce and distribute products in a responsible manner which protects human health and the environment from unacceptable risks during manufacture, transport, use and disposal. Specifically, members shall implement a responsible care program in which the member undertakes to manage its business in accordance with the following principles:

- To recognize and respond to any community concerns about synthetic organic colorants and its manufacturing operations;
- To produce only synthetic organic colorants that can be manufactured, transported, used and disposed of safely;
- To make health, safety, employee training, quality assurance and environmental considerations a priority in planning for all products and processes;

- To provide employees, distributors and customers information on the health or environmental effects of synthetic organic colorants and recommend appropriate protective measures to ensure their safe use, transportation and disposal;
- To operate all facilities in a manner that protects the environment and the health and safety of employees and the public;
- To promote research on the health, safety and environmental effects of its products, processes and waste materials;
- To cooperate with public authorities in establishing well-founded environmental, safety and health regulations; and
- To promote these principles of responsible care to others who produce, handle, use, transport or dispose of synthetic organic colorants.

The responsible care program shall fulfil, but not be limited to, the specific obligations described under paragraphs 2 – 5 below.

2. Product Safety Policy

It is the policy of ETAD members to take all reasonably practicable steps in order to ensure human and environmental safety in the use of the dyestuffs and organic pigments (synthetic organic colorants), manufactured or distributed by them. Members shall comply worldwide with all applicable laws and regulatory requirements dealing with the safety and the environmental impact of synthetic organic colorants.

ETAD recognizes that the legal requirements for hazard communication differ considerably in various regions where organic colorants are marketed. A primary objective of this Code of Ethics is to ensure that such differences do not deprive customers in countries with less stringent requirements of hazard information which is made available to their counterparts in countries with more comprehensive regulations.

General Information

CODE OF ETHICS

To achieve a common high standard of hazard communication ETAD members shall

- fully inform all customers about all known significant hazards;
- adopt policies to assure an equivalent level of hazard communication worldwide concerning their product.

3. Products Safety Information

3.1. Safety Data Sheets

Member companies shall ensure that for each of the synthetic organic colorants on their selling range, there is a safety data sheet with an appropriate information content and that it is supplied to all customers.

3.2. Labelling

The EU regulations provide an appropriate basis for classification and labelling of organic colorants.

Where the laws of the country the products are sold to require more stringent or mandate different labelling, the members shall adhere to such required or mandated labelling. In countries with less stringent requirements

the labelling shall be in accordance with the EU system or an equivalent consistent with the policy of achieving a uniformly high standard of hazard communication.

3.3. Education and Awareness Programs

ETAD members shall endeavour to inform customers of the safe handling procedures best suited to the products involved.

4. Cessation of manufacture and sale of certain hazardous colorants

The manufacture and sale of certain hazardous colorants by ETAD members is inconsistent with the high ethical standards expected of ETAD members, and the cessation of sale is a requirement of the Code of Ethics. These colorants are listed in Annex A to the Code of Ethics. Additions to Annex A may be made by the Board, but such additions will become binding only if they are approved by the next meeting of the General Assembly.

In view of the commitment to exposure controls in United States workplaces, as well as legal issues, the Board of Director's policy respecting dyes listed in Annex A shall not apply to ETAD members' sale or distribution of any such dyes in the United States for use in workplaces in the United States. In any such cases, the ETAD member shall obtain written assurance that appropriate exposure controls are in use prior to sale or distribution of dyes listed in Annex A.

5. Compliance

Member companies shall comply with the Code of Ethics and shall make every effort to ensure that their subsidiaries do so.

Annex A

benzidine-based dyes



BENEFITS OF ETAD MEMBERSHIP

Recognition

Recognised by regulatory authorities, customers, and the public as the authoritative source of information on health, safety, and environmental issues relating to organic colorants.

Representation

Represents interests of members and customers to government authorities, the media, other industries, public interest groups, organised labour, academia, and research/testing/consulting organisations.

Harmonisation

Advocates, where regulations are necessary, a harmonisation of the requirements, so that compliance costs are reduced.

Code of Ethics

Encourages members to adhere worldwide to a high ethical standard and promotes image of a responsible and safety-minded manufacturing industry.

Guidance

Provides guidance to ETAD member companies on interpretation of new regulatory requirements and recommends specific measures to implement the ETAD Code of Ethics.

Education and training

Develops and publishes education and training materials pertaining to organic colorants, e.g. for safe handling practices, product stewardship, and pollution prevention.

Research and testing

Cost-sharing of research and testing programs aimed at a better understanding of the health and environmental aspects of dyes and organic pigments.

Information

Responds to inquiries about the colorants industry, provides information on topical issues and disseminates comments and position papers.

Database

Maintains and makes available to members a computerised database of literature pertaining to the health and environmental aspects of dyes.



ETAD®

Basel

ETAD
P.O. Box
CH-4005 Basel
Switzerland
Telephone: +41 61 690 99 66
Telecopy: +41 61 691 42 78
E-Mail: info@etad.com
Internet: <http://www.etad.com>

São Paulo

Comitê Operativo Brasileiro da ETAD
c/o Clariant S/A
Av. Das Nações Unidas, 18001
04795-900 São Paulo/SP
Brasil
Telephone: +55 11 5683 7528
Telecopy: +55 11 5683 7488
E-Mail: eidepaulo.oliveira@clariant.com

Beijing

Chinese Operating Committee of ETAD
Fortune Building, Room 1002
5 Dong San Huan Bei Lu
Chaoang Dist.
Beijing 100004
China
Telephone: + 86 10 659 08 461
Telecopy: + 86 10 659 08 460
E-Mail: yueliu@263.net.com

Tokyo

Japanese Operating Committee of ETAD
Kaseihin Kaikan
18-17, Roppongi 5-chome
Minato-ku
Tokyo 106-0032
Japan
Telephone: +81 33 585 3374
Telecopy: +81 33 589 4236
E-Mail: kkk1@oregano.ocn.ne.jp

Gujarat

c/o ATUL Limited
Post Atul 396 020
Dist. Valsad
Gujarat
India
Telephone: +91 2632 233261 5
Telecopy: +91 2632 233667
E-Mail: hbd@atul.co.in

Washington

ETAD North America
1850 M Street, NW
Suite 700
Washington, D.C. 20036
U.S.A.
Telephone: +1 202 721 4100
Telecopy: +1 202 296 8120
E-Mail: helmet@socma.com

