GLOBAL BUSINESS REPORTS & APLA

LATIN AMERICA
PETROCHEMICALS AND CHEMICALS
2024

Macroeconomic Overview - Sustainability - Petrochemicals - Specialty Chemicals - Chemical Distribution - Logistics

Dear Reader,

"When will the downcycle end?" This is the million-dollar question that more than 65 interviewees who contributed to this report would love to answer, and the truth is that there are different perspectives on how and when the sector will begin to show signs of recovery. However, one common thread among C-level executives throughout Latin America's petrochemical and chemical value chain is that the market has changed, and traditional strategies are no longer enough to tackle today's challenges. Clearly, this is neither the first nor the last downcycle, but what stands out is that both industries in Latin America embody resilience, showing their ability to adapt to diverse and adverse circumstances. Another key point echoed by our interviewees is their belief that each challenge presents a new opportunity, and for Latin America, the real rewards lie in the long term.

The opportunities for the region and the sector are immense: from nearshoring, which currently benefits Mexico and is expected to expand further south, to the development of clean energy sources and circular economies, supported by Brazil's green potential and the promise of Vaca Muerta in Argentina. In this context, companies, regardless of their size, are adopting dynamic and innovative strategies, forging alliances, and redesigning their business models to achieve both environmental and economic sustainability. There is a growing consensus that Latin America is becoming a critical region for further investment by the chemical and petrochemical industries despite the challenges that this report will investigate.

With that, we welcome you to GBR's *Latin America Petrochemicals and Chemicals 2024* special report, the latest edition of this annual publication produced in strategic alliance with APLA.

We extend our sincere thanks to all the interviewees and the companies they represent—from producers to distributors, as well as players across the whole logistics supply chain—for participating in this report and helping GBR and APLA provide an objective analysis of the region's trends. We hope you enjoy the 2024 APLA annual meeting in Cartagena, as well as the reading.

Manuel Díaz
Executive Director
APLA

Alfonso Tejerina
Director and General Manager
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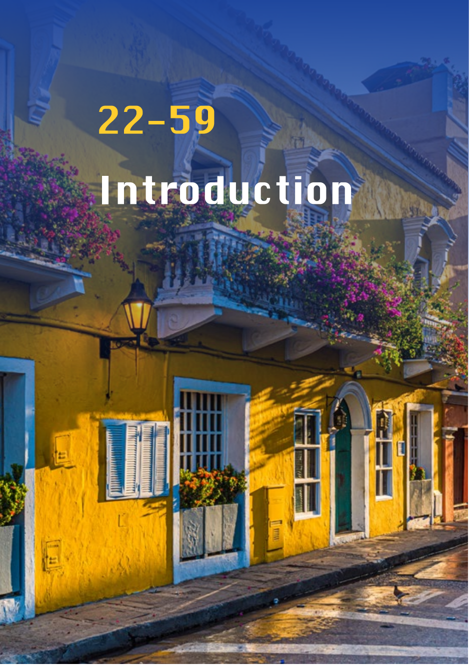

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LATIN AMERICA PETROCHEMICALS AND CHEMICALS 2024
APLA 2024
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INTRODUCTION

"I am a fervent believer in Latin America due to its talent and business strengths. The region holds significant growth potential; we just need to capitalize on opportunities and persist in making the most of them."

- Germán Torres,
President,
Brenntag Essentials Latin America

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The Guest Who Never Left

ADDRESSING MARKET IMBALANCES, FOUR YEARS ON

According to the report Competition: The Missing Ingredient for Growth? published by the World Bank, Latin America and the Caribbean (LAC) has been slowly —but consistently— addressing the imbalances that the pandemic brought. It seems that Covid-19 is the unpleasant guest who never left.

When everybody thought the worst was far behind, the Ukraine-Russian war broke out, leading to an energy crisis in Europe. Meanwhile, China's growth never manifested as expected. The world has not been the same since the pandemic, and neither have the chemical and petrochemical industries.

Just like a wound that never heals, the effects of the pandemic linger for both industries. The excess inventory led to falling prices, which, coupled with unpredictable markets and gaps in logistics, slowed the hopes of recovery. Although it may seem tiresome to blame the pandemic, as Juan Pablo Gazmuri, vice president of ASIQUIM, defined it: "Time is split between pre- and post-pandemic, explaining the current economic scenario."

Leaving Covid's consequences aside, there are other factors that contributed to the slow performance of the chemical industry over the last few months. According to Deloitte, a recession in Europe, inflation in the US, and a slow rebound in demand from China all hinder a recovery. Additionally, margins are shrinking due to an oversupply of some chemicals caused by increased capacity coming online and decreased consumption from overstocking in previous years. Stefan Lepecki, Braskem Idesa's CEO, commented: "2023 was extremely challenging for the global chemical and petrochemical industries, especially for polyethylene, Braskem Idesa's main product. Following the pandemic, significant investments were made in new plants in China and the US, increasing production capacity. Additionally, global inflation and higher interest rates to control it have impacted economies, which are not growing as expected. For instance, although China continues to grow, it is not at the rate seen in previous years."

Daniel Mitchell, executive president of Acoplásticos, agreed with Lepecki: "The prices of raw plastic materials surged, and we saw a strong recovery in 2022 and 2023. Yet, 2023 also brought a price correction due to an oversupply, especially from Asia, affecting the industry values."

Logistic companies noted the same. "In 2023, we observed many companies holding excess inventory, reducing demand for our tanks. Consequently, many tanks were left in storage or demurrage," commented Jean Felipe Albuquerque, Den Hartogh's Latin America general manager.

Price taker, not maker

Regarding polypropylene (PP) and polyethylene (PE), Latin America is one of the regions with the lowest production profile. Moreover, it is one of the regions that struggles with feedstocks, which are both expensive and in short supply, largely because of the dominance of state-owned energy companies struggling to meet national demand. These factors make the region a "price taker", not a "price maker", as Simone de Faria, head for Latin America at Townsend Solutions, defined it, adding: "Imports from the US for PE and China for PP have broken records, driven by increased production capacities in those countries and weaker global demand, leaving them with excess supply. As a result, the regional petrochemical industry is facing higher levels of offers from abroad at lower prices, which together with rising feedstock costs, mostly oil and naphtha, have forced down operational rates."

Asian imports have been facing rising tariffs from some countries, and are thus targeting those countries, like some in Latin America, with more lax import regulations. As such, the market is being flooded with foreign chemicals, damaging an already wounded industry. Take, for instance, Brazil: "Local manufacturers face competitiveness challenges due to protective measures in the US and Europe against low-cost imports from China, coupled with Brazil's high gas costs. Improving Brazil's gas distribution network is crucial for enhancing local production viability, and without protective measures, the influx of Chinese products based on variable costs alone undermines local industry growth," explained Carlos Marin, Bandeirante Brazmo's CEO.

As you will read in the following pages, local producers are trying to differentiate themselves by offering more custom-made approaches, being close to their clients, and by offering more sustainable solutions. "Our focus is not on the volume but on providing breakthrough or state-of-the-art solutions that contribute to end-products quality or improve manufacturing processes. Chilean companies aiming to differentiate themselves today are not competing on price alone —the era of "Bueno, Bonito y Barato" belongs to the past," explained Christophe Jacob, CEO of Austral Chemicals.

In this global context, and given Latin America's "price taker" role, it remains an attractive destination for export-oriented chemical suppliers, but at the expense of the local industry, as Barb Mitchell, managing director at Townsend, lamented: "It is astonishing to consider that imported polyethylene now holds a 57% market share. This figure leaves domestic suppliers in a tough spot. How are they expected to compete against such a high percentage of imports? Clearly, they need significant support to address this imbalance."

Prime time for technology

For Wagner Costa, partner at Bain & Company, there was a boom after COVID-19, when high commodity prices and margins led companies to pursue growth strategies and M&A activities. However, the current downturn is leading companies to emphasize performance improvements and cost reductions. Simone de Faria, head of Latin America for Townsend, said: "Besides dealing with more expensive raw materials, many of Latam's plants are older and not as large as those in other regions. The lack of competitiveness is leading companies like Braskem to consider closing plants. The petrochemical industry is capital-intensive, so the high basic interest rates impact long-term investments."

In Argentina, YPF implemented the 4x4 plan to quadruple YPF's value and production in the next four years, however, according to Florencia Rodríguez, YPF Química's executive business manager, the financial aspect has become critical: "We must maintain the compa-

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WE GO BEYOND
TO ENABLE TRANSFORMATION
At Evonik, we think beyond chemistry to create innovative, sustainable and value-enhancing solutions together with our customers – such as lipids for tomorrow's medicines, biosurfactants for green detergents, additives for plastics recycling or membranes to help drive forward the energy transition. Everything we do has the same goal: to improve life, today and tomorrow.
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Manuel Díaz

Executive Director
APLA

> *Latin America's petrochemical industry has shown an impressive ability to adapt to new realities.*

What is your assessment of the current state of the petrochemical industry in Latin America?
The petrochemical industry in Latin America is navigating a critical period marked by the global overproduction of petrochemicals and declining demand in Asian markets. This has allowed Asian companies to seize the opportunities in the region, which has significantly reduced profitability for every country, with Brazil being the most affected due to its size and relevance.

What are APLA's main initiatives to support companies in this current context?
On the one hand, associations like Abiquim in Brazil, CIQyP in Argentina, and ANIQ in Mexico focus on local regulatory frameworks and government consultations. Abiquim, for instance, has done an excellent job of raising awareness within the Brazilian government about the current geopolitical situation and its impact on the industry and highlighting the necessary measures to safeguard the sector.

On the other hand, our approach at APLA is different. We collaborate closely with these local associations but refrain from direct involvement in their domestic policy-making processes. Instead, our mission is to promote broader and more strategic initiatives by establishing global regulatory norms, fostering dialogue among key industry players, and working with the governments to analyze regulatory trends in Latin America, the US and Europe. We want to create a platform for constructive discussions that can drive the holistic development of the sector.

What areas can Latin America's petrochemical industry improve?
Latin America's petrochemical industry has shown an impressive ability to adapt to new realities, and has consistently demonstrated resilience, overcoming challenges such as the Asian petrochemical oversupply, logistical bottlenecks created from disruptions in the Suez and Panama Canals, and regional political changes, such as Argentina's 2023 elections and the pending transition following Claudia Sheinbaum's election in Mexico.

Of course, there is always room for improvement. However, the industry is already addressing several critical areas. Key priorities include decarbonization, improving energy efficiency, and focusing on higher-margin niche segments. Many opportunities are coming from the nearshoring trend, particularly prominent in Mexico. Yet, Mexico alone cannot meet the demand surge driven by nearshoring activities. As such, it is likely that nearshoring will spill over into other South American countries, creating substantial opportunities throughout the region. It is crucial for the industry to position itself and build the necessary infrastructure to capitalize on these developments.

Moreover, Vaca Muerta's development in Argentina has the potential to unlock a myriad of possibilities, particularly in the field of liquefied natural gas (LNG) and its byproducts. Such developments could benefit both large and small and medium-sized companies, paving the way for new partnerships and increased regional competitiveness.

What will be the main themes at APLA's annual meeting in Cartagena?
One of the key topics will be a comprehensive geopolitical analysis led by Carlos Pascual, senior vice president of global energy at S&P. Given that the meeting coincides with the US presidential elections, this session will focus on how the electoral outcomes could reshape the geopolitical landscape and influence the petrochemical industry in Latin America.

We will dedicate a panel to addressing the pressing issue of global oversupply, examining its implications, and discussing potential future scenarios. The goal is to understand how the sector can better navigate the current supply-demand imbalances and identify strategies for adaptation. Another panel will focus on nearshoring and its impact on Latin America. Experts will share insights on how companies can strategically position themselves to benefit from this trend and what logistical and infrastructural considerations need to be considered. Regarding logistics, we will discuss Latin America's resilience in overcoming these hurdles. Unfortunately, issues like those seen in the Panama Canal will likely persist, so it is crucial to learn from them and prepare for the future.

That covers the first two days of the event. We will conclude the annual meeting with a session on sustainability, focusing on innovation. We will discuss how new projects must consider carbon footprints and product lifecycles, ensuring they are reusable or recyclable, all within the context of a circular economy and carbon footprint offsetting.

What final message do you have for the readers of this report?
My final message is that, despite its challenges, Latin America has always managed to find great opportunities. Our goal is to identify and harness these opportunities for the world-class Latin American industry with a level of excellence that drives superior results.■

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ny's financial health and efficiency, even if it means divesting from profitable businesses and building the necessary infrastructure for transporting oil and gas. We are examining maintenance, services, and raw materials contracts to ensure we maximize value," she said.

Renato Guimarães, vice president and president for Latin America at FMC, a crop protection chemical producer, the whole agribusiness chain also faces many challenges due to the consequences of the pandemic. As such, the focus is on efficiency, simpler processes, and more flexible structures: "FMC was among the firsts to recognize this need and commence a restructuring phase in July 2023, completing it by Q12024," he explained.

In this volatile environment, technology and consultancy companies have been summoned to help mitigate risks, improve efficiencies, in an attempt to stretch margins that are already tight. Alex Muro, LATAM vice president at AspenTech, commented that the company has been focusing on enhancing asset utilization to help clients achieve better efficiency and cost-effectiveness while fostering circularity and sustainability: "In Latin America's chemical and petrochemical markets there has been significant pressure due to global competitiveness, resulting in lower profit margins in recent years," commented Muro.

In a conversation with Leandro Kruger, regional director for Brazil, and Ana Salmeron, the O&G and chemical sales manager, at Rockwell Automation, both explained that companies in the region do not have the luxury of time to adapt to inflationary pressure impacting energy and raw materials costs and a shortage of qualified labor. According to a report published by Accenture on the productivity of the chemical industry, around 30% of employees are 50 years old or older, with many due to retire within the next decade. In this context, Rockwell proposes automation and the use of data as the elixir. "This is a prime moment for investment in the chemical industry rather than expanding production. The industry faces a challenge from imported products that enter the Brazilian market at competitive prices, and technology has emerged as a crucial response to help the industry improve efficiency and counteract the impact of cost-effective imports," said Kruger.

Wagner Costa from Bain & Co emphasized that no company, not even those with solid balance sheets and stronger performance metrics, should overlook the opportunities for further improvements that digital tools provide.

Caught in the middle
"Covid-19 brought many lessons, especially highlighting the vulnerabilities in logistics chains and showcasing the importance of local products and local supply chains. Recently, we have seen a dramatic increase in shipping costs from China, with freight prices doubling. Such a trend has pushed companies to seek new local suppliers, and Latin America is emerging as an option, creating opportunities to set up and invest in local production," commented Marizeth Pádua de Carvalho, general manager for Latin America South and head of global strategic marketing for industrial coatings at PPG.

Nearshoring is nothing new to Latin America. While some countries are harvesting its benefits earlier and with the advantage of geographic proximity, like Mexico, the whole of Latin America offers many opportunities to fill the voids caused by the US-China trade war. On the other hand, China has its own agenda for the region, especially in infrastructure for logistics.

Under the Belt and Road Initiative (BRI), also known as the New Silk Road, China has been working to extend its influence across various corners of the world. Take, for instance, the Chancay Port in Peru, a US$3.5 billion project led by Chinese COSCO Shipping, which is set to be inaugurated in November, with COSCO being the sole operator. On the other hand, a proposed project by Shaanxi Chemical Industry to construct a port in Tierra del Fuego near the Strait of Magellan (the most important natural passage between the Atlantic and the Pacific) fell through, and instead was given to an Argentine company, Mirgor—owned by Nicolás Caputo, cousin of the current Argentine Minister of Economy, Luis Caputo—and is said to have received approval from the US.

According to Martin Sack, Leschaco's regional head for the Americas: "The US/China trade conflict will keep having an important impact on the global economy. It is interesting to see how Latin America strives to balance its interests rather than just aligning exclusively with one major global player. Over the last decade, the trade between China and Latin America has been growing significantly despite the US maintaining its position as the primary trade partner for most Latin American countries."■

Jesse Tijerina

VP FCRS Chemical Insights, Americas
S&P GLOBAL COMMODITY INSIGHTS

» The high energy and feedstock costs and resulting imports have led to extremely low utilization rates in the region, which is affecting the current downcycle. «

How would you describe the key factors shaping Latin America's petrochemical sector so far in 2024?
According to economic projections by our economists here at S&P Global Commodity Insights, some of the major economies across the region have been forecasted to lose growth momentum in 2024. This is expected to be partially offset by an environment of lower inflation and lower interest rates, supporting private consumption. In 2024, real GDP growth in Mexico is expected to decline from 3.2% to 1.4%, while Brazil will now stay relatively flat from 2.9% in 2023 to 2.8% in 2024. In 2023, Argentina fell into a deep and persistent recession lasting into 2024 with a negative GDP growth of -4.2% before rebounding in 2025 to 3.2%. Thus, slow economic growth has been a key factor shaping Latin America's petrochemical sector in 2024. The region's investments in petrochemicals have been minimal in the recent past and no new sizeable investments are seen in the foreseeable future. Consequently, Latin America imports of petrochemicals continue to rise, eroding the region's self-sufficiency. The slow regional economic growth, increased low-priced imports from Asia, and high domestic petrochemical feedstock costs have led to very low utilization rates in the petrochemical industry across the region.

What vulnerabilities do Latin America's chemical and petrochemical industries face compared to other regions?
One vulnerability has been the lack of available low-cost energy and feedstocks. This has led to very limited new investment in petrochemicals for more than a decade. The persistent economic situation in Argentina and the political instability in Venezuela has kept these two countries from reaching their true potential given the vast natural resources available to them. This leads to another vulnerability of continued increasing dependence on imports to meet the regional needs for growth.

I think human capital is an area of resilience for Latin America chemical producers, and they are making full use of it to address these main areas of vulnerability. As an example, due to the high cost of energy and feedstocks, Latin America chemical producers have made great strides in efficiency gains to reduce production costs. There is also noticeable advancement in developing renewable energy and feedstocks (bio-feedstocks) for use in the production of chemicals and plastics. In addition, there has been great interest in reducing waste and to that end, many companies across the region are making great strides in plastic circularity.

How well is Latin America's chemical industry prepared for the transition to a net-zero future?
The fact that all countries in the region have ratified the Paris Agreement is a very good sign of their commitment to participate. However, the region's chemical industry's heavy dependence on fossil-based feedstocks makes measurable progress a tougher proposition. To date, only a handful of Latin America-based companies have made net zero commitments and they will face a difficult road toward achievement, given the expensive costs of net-zero solutions.

However, Latin America's chemical industry is by no means standing still. Most petrochemicals players in the region have created sustainability departments dedicated to studying the energy transition challenge and identifying solutions. A good number are investing in decarbonization solutions, including bio-ethanol-to-plastics initiatives. Various companies around the region have fully committed to plastic circularity, most notably in Brazil, Mexico and Colombia.

When can we expect signs of improvement in the current downcycle?
Nearly all base petrochemical value chains are in a downcycle. In the case of olefins and polyolefins, one of Latin America's largest volume product chains, the global market entered the downcycle in the second half of 2022. One of the best indicators to watch is the industry's average utilization rate. When these begin to reach the low 80's, history has shown it's a good sign that the industry will start its next upcycle. Signposts that would signal a recovery would be an increase in announcements in capacity rationalization by producers. Producers announcing project cancellations or postponements would be another signpost. So far, announced rationalizations have been small and slow to come by. If things continue to proceed as they have in the last two years, S&P Global Commodity Insights' analysis of supply and demand fundamentals indicates that a recovery could be delayed until the back end of this decade, beyond 2028/29. ■


BM


SF

Barb Mitchell & Simone de Faria

BM: Managing Director
SF: Head - Latin America
TOWNSEND SOLUTIONS

How would you assess the current environment for polypropylene and polyethylene in Latam?
SF: The key points are that Latin America follows international price references, as it is "price taker", not "a price maker" and that politics heavily influences consumption and demand for both polyethylene (PE) and polypropylene (PP). Local production capacity for PE and PP is already lower than consumption, meaning imports are essential to meet demand. Imports from the US for PE and China for PP have broken records, driven by increased production capacities in those countries and weaker global demand, leaving them with excess supply. As a result, the regional petrochemical industry is facing a higher level of offers from abroad at lower prices, which together with rising feedstock costs, mostly oil and naphtha, have forced them to reduce operational rates. The oversupply and decreased demand have pressured prices and shrunk petrochemical margins.

Given the current scenario for plastics, what has been Townsend's focus during the last year?
BM: Our focus has been on helping our clients to stay competitive. Things are changing so fast, it's critical to have current information and insights from a trust-worthy source.

SF: Besides dealing with more expensive raw materials, many of Latam's plants are older and not as large as those in other regions. The lack of competitiveness is leading companies like Braskem to consider closing plants. The petrochemical industry is capital-intensive, so the high basic interest rates impact long-term investments. In such an environment, understanding market trends and having precise knowledge is crucial for companies to direct their sales efforts toward high-value markets. This is where we can make a difference —by conducting studies that identify where growth is likely and where margins can be expected to improve in the next few years. ■

Wagner Costa

Partner
BAIN & COMPANY

How does the demand for your services fluctuate with the performance of the petrochemical and chemical industries?
Despite the cyclical challenges, emerging trends, particularly around AI and sustainability, are gaining momentum. In Brazil, for instance, companies seek our assistance with exploring alternative/renewable feedstock sources to reduce their carbon footprint focus on plastic circularity and improve competitiveness. In Brazil, natural gas, a major feedstock for the industry, can cost three to five times more than in the United States, depending on the market. This presents a significant challenge, and we are working with companies to find alternative feedstocks that enhance their local and global competitiveness.

What are some areas that companies should not overlook?
Many chemical and petrochemical companies should focus on operational efficiency, especially in this current downturn. Even those with strong performance metrics could see opportunities for further improvement by leveraging digital tools and identifying inefficiencies. Operational efficiency is a continuous journey that requires ongoing efforts.

In addition to that, we have observed a big influx of imported products to South America, mainly from Asia and North America. In this context companies need to differentiate themselves by either offering unique formulations or resins that improve client productivity, reduce waste, or provide superior service levels since quick response times, for instance, can offer a competitive edge over imports by reducing clients' capital needs and increasing their operational flexibility. Beyond these short- and medium-term strategies, the long-term focus is energy transition, alternative/sustainable feedstock and circularity.

What is your outlook for the industry in 2025?
Looking ahead to 2025 and beyond, we maintain a positive outlook for the chemical and petrochemical sectors, particularly given Brazil and Latin America's crucial role in the energy transition. Additionally, we anticipate that M&A activities will increase — driven by a more favorable environment, leading to a need for consulting services like due diligence, alternatives evaluation, M&A support, and post-merger integration. ■

Sustainability

NOT A BUZZWORD

Is sustainability just a buzzword and the energy transition a mere fantasy? That is the impression Aramco CEO Amin Nasser left during his speech at CERAWeek 2024 in Houston, Texas, earlier this March. Nasser stated that the current transition strategy is "visibly failing on most fronts," urging society to abandon the fantasy of phasing out oil and gas and instead invest in them adequately, based on realistic demand assumptions.

If there is one word that has echoed throughout every interview GBR conducted for this report, it is sustainability. However, each of the more than 60 interviewees interviewees made clear that discussing a term like sustainability should not be taken lightly. Sustainability inherently comes with a cost. Instead of questioning whether sustainability is merely a buzzword, we should ask ourselves how will we finance it?

"One of the main questions is `Who will take the bill for all of this?' I believe that we need to shift our mindset away from focusing solely on the lowest cost to considering the best overall costs," said Martín Toscano, president for Mexico at Evonik.

What he said next also resonated across many interviews: "While many products and technologies are in transition, and we may not yet have solutions at the competitive level of fossil-based products, adopting a strategy of push and pull —where one pushes but is supported by other stakeholders, makes it easier to demonstrate that what seems like the lowest cost is not necessarily the best final cost."

For Carlos De Lion Neto, Southern Cone president at Arkema, the ones pulling —or pushing— are younger generations: "New generations are pushing for sustainable, innovative and high-performing products without significantly increasing costs and harming the environment. Companies that stay tuned to these trends will be better positioned to offer solutions that meet these expectations."

In a conversation with Mauricio Adade, president for Latin America at dsm-firmenich, he highlighted some statistics about society's demand for sustainable solutions. According to the Retail 2024 report by Adyen, a payment technology company, 56% of Brazilian consumers are willing to pay more for a product if the seller is transparent about the measures taken to reduce environmental impact. However, the Social Panorama of Latin America and the Caribbean 2023 report by the Economic Commission for Latin America and the Caribbean (ECLAC) states that, despite improvements in some indicators, over 180 million people in the region still lack sufficient income to meet their basic needs. Among them, 70 million are unable to afford a basic food basket. Sustainability extends beyond environmental concerns; it encompasses social factors as well. Therefore, how can we expect all Latin Americans to pay a premium for more sustainable products? For Adade, companies are the ones that must find a balance: "It is also crucial to recognize that in certain countries in Latin America, where many struggle to have enough to eat, sustainability seems like a luxury. Companies like ours, with sustainability as a core, must find ways to balance these realities."

Image courtesy of Pixabay at Pexels

A circular chain is only as strong as its weakest link

As negotiations for a UN plastic treaty approach their final stages, with the last session scheduled from November 25 to December 1, 2024, in Busan, Republic of Korea, much focus is on circularity. Expectations are high: "By 2050, 50% of plastics are anticipated to come from circular resources," remarked Gabriel Rodríguez Garrido, executive director at the Argentine Petrochemical Institute.

However, the current downcycle presents challenges, particularly for mechanical recycling, as noted by Stefan Lepecki, CEO of Braskem Idesa: "If global polyethylene prices remain low due to supply and demand imbalances, producing and selling recycled PCR products becomes more difficult. Collecting waste and blending it incurs higher costs than producing virgin resin. Our challenge lies in becoming more efficient in waste collection, using technology, and improving logistics to offer PCR as an environmentally sustainable yet economically viable solution."

Pedro Prádanos Zarzosa, Veolia Brasil's CEO, also shed some light on the current challenges of circularity in plastics: "The key factors for success include securing a steady feedstock supply at stable prices and ensuring committed buyers for recycled materials [...] Chemical recycling is even more challenging, as the end product, like naphtha, requires high and consistent quality suitable for plastic production."

In Argentina, Petrocuyo is exploring pyrolysis to address sustainability. CEO Javier Sato shared that the company is considering constructing its own facility or partnering with other firms to establish a chemical recycling plant. For Ariel Stolar, commercial manager at Pampa Energía, this is a good approach to tackle scale: "Making such investments can be challenging in a small market like Argentina. For example, installing a pyrolyzer in a market with limited consumption is difficult, but investing in one to handle several plastics may be more feasible," he said.

Paulo Barbosa, South America's director of sales for pulp & paper at Kemira, also offered some insights into cost scales. Kemira is working on a renewable barrier coating solution based on PHA (polyhydroxyalkanoates), which provides paper with plastic-like impermeability. Barbosa explained that PHA technology has a similar function as polyethylene but is made from renewable sources using bacteria and is compostable. However, cost remains a challenge: "It is true that plastic is a very cheap substrate, and for many products, packaging costs are small compared to the price. For example, at Starbucks, the cost of a cup is much less than the coffee it holds. So, switching to plastic cups might not save much money. While the cost difference is minor for some markets, it remains significant for others. As PHA technology becomes more widespread, costs are expected to decrease," he noted.

Latin America is walking the talk

Colombia passed a bill in July 2024 banning single-use plastics. This recent legislative development raises questions about whether Latin America is lagging in environmental stewardship. Gustavo Cienfuegos, managing direc-

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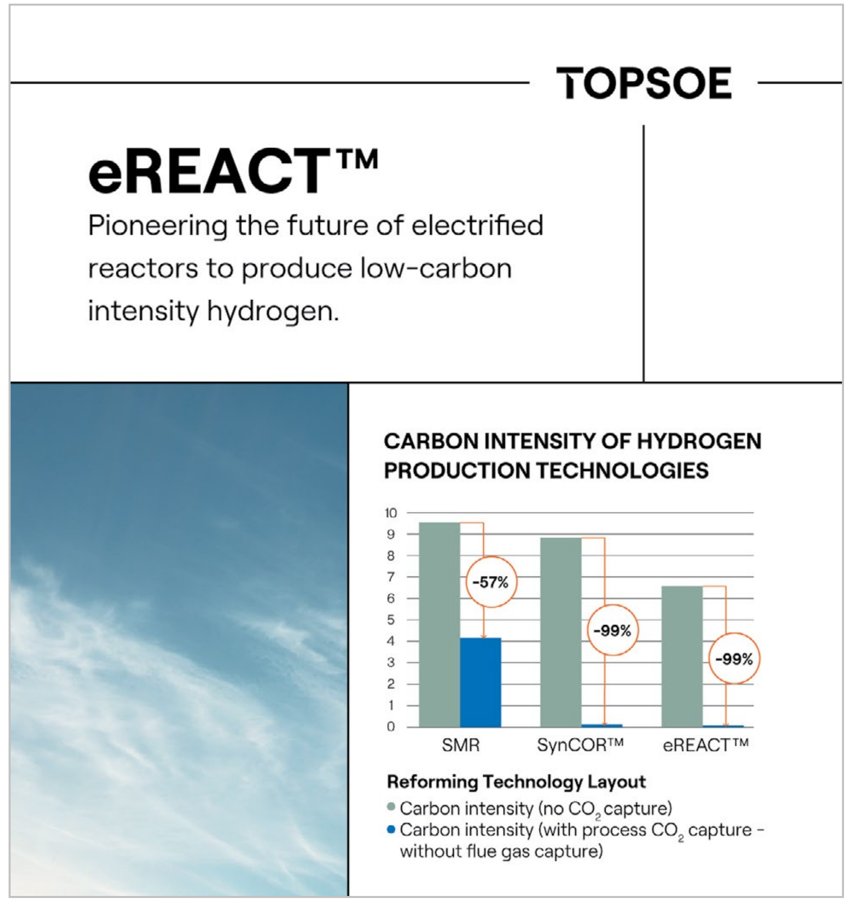

Gustavo Cienfuegos

Managing Director – Latin America
TOPSOE

»Latin America is 'lagging' the US and Europe in the energy transition. However, there are many initiatives, mainly leveraging the availability of resources like biomass, wind, and solar energy.«

Can you briefly remind our readers about Topsoe's main services?
Even though we have shortened our name to Topsoe, the company's core remains the same. We are still focusing on the research and development of new technologies for decarbonization and the energy transition. At Topsoe, we continue investing 10% of our revenue in R&D to offer a broader portfolio of technology, services, and catalysts.

Beyond decarbonizing industrial sites, does Topsoe engage with the broader value chain of the petrochemical and chemical industry?
We have traditionally been in the markets of fertilizers, ammonia, hydrogen, methanol and fuels. However, today, the major decarbonization focus, at least for the heavy industry, is related to fuels.

HVO is a renewable diesel for the automotive sector, sustainable aviation fuel (SAF) is for aviation, and the maritime industry is now leaning towards green methanol and ammonia to replace fossil fuels. While we have always worked with these solutions, we had to tweak some technologies to produce them efficiently and adapt them to the present scenario. Additionally, we have recently launched Zaffra, a JV between Topsoe and Sasol, to help decarbonize the aviation industry faster. With Zaffra, we will not only produce SAF but also help others to develop their projects through partnerships.

Can you speak of some of Topsoe's projects in the pipeline in LATAM?
We are finishing the engineering for a SAF project at a refinery in Argentina using the HEFA technology. This technology involves hydroprocessing vegetable oils with an integrated hydrogen plant. We also have another SAF project in Bolivia using the same technology and many more are in the pipeline, hopefully coming soon.

In northern Brazil, we are working with Fortescue to produce green ammonia with our technology. In Uruguay, HIF has an ongoing project where we were selected to provide our synthetic gasoline technology.

How does Latin America's energy transition compare to the United States and Europe?
Realistically, Latin America is "lagging" the US and Europe in the energy transition. However, there are many initiatives, mainly leveraging the availability of resources like biomass, wind, and solar energy.

The renewables market is heavily influenced by government support. With the Inflation Reduction Act (IRA), the US is a great example, leading to a boom in projects, including many for Topsoe involving ammonia and electrolyzers. The lack of similar incentives in Latin America makes it harder for local companies to justify projects of this magnitude. Additionally, each Latin American country has its unique socioeconomic situation and priorities, which can push these projects down the list of national agendas.

Where should companies start in their journey toward the energy transition?
When the energy transition began, Topsoe shifted to green technology, which was the least mature and most expensive, causing delays. Blue technology, which involves CO2 recovery, lies between green and grey. This variety is crucial for Latin America: some companies might choose unproven technologies, while others want to develop their own. Blue technology offers a solution to reduce emissions, making it ideal and valid.

There is massive installed capacity in Latin America, and it may take a long time for big companies like Pemex, Ecopetrol, Petrobras and YPF to switch to new technologies fully.

Do you think there has been a shift in how business is conducted in the renewable markets?
In less mature technologies, we seek co-investments through joint ventures, diversifying and sharing the risk between the customer and the technology provider. This is a lesson learned for us, listening to our customers that faced enormous risks in these cases. This approach also shows the company's commitment, aligning with Topsoe's goal to go beyond merely developing technology.

Do you have a final message for GBR's audience?
Today, Topsoe does not see itself merely as a seller of catalysts and services but as a partner in exploring the best path for each company to achieve net-zero operations. The real challenge for the region is ensuring that these renewable projects are brought online. While we can sell as much technology as we want, if the projects in the pipeline do not materialize, we are not effectively contributing to the energy transition. ■

Rodrigo Jorge

General Director
AIR LIQUIDE BRAZIL

How has Air Liquide evolved in Brazil over the years?
We operate in 80% of the national territory, serving over 40,000 customers. We provide medical, industrial, and specialty gases for a wide range of industries, from energy and materials to technology and manufacturing.

What other issues do your clients in the petrochemical industry face, and how do you assist them?
We provide safety and reliability through process inerting with nitrogen and enhance competitiveness with technologies such as using oxygen in catalytic cracking through FCC (Fluid Catalytic Cracking), which can increase production by 10% to 20% without significant additional investments.

Additionally, we are committed to sustainability. In Brazil, we are already capturing carbon emissions for our clients. We are developing carbon capture as a service to assist any industry with CO2 emissions, including a proprietary technology called CryoCap. This technology is crucial for helping petrochemical industries decarbonize their processes and achieve their sustainability goals in the coming years.

What details can you share about the biogas purification project that Air Liquide plans to complete by 2025?
The Cariacica project, in Espírito Santo, aims to transform biogas with a low methane concentration into biomethane with a methane content greater than 97.5%, equivalent to fossil natural gas. This process captures methane that would otherwise be released into the atmosphere and reduces the use of fossil fuels in industrial processes, providing an environmentally responsible solution.

With a total production capacity of 155 gigawatt-hours/year, this project represents a significant advance in sustainability. Furthermore, Air Liquide will launch an integrated plug & play solution for smaller landfills up to 1,000 Nm3/h, just as it did in smaller scale models, such as the AG-050 and AG-100 models, aimed at rural producers, where gas produced from agricultural waste is used to replace diesel in vehicles. ■

Mário Simon

Executive Business Director
WHITE MARTINS - A LINDE COMPANY

How has White Martins evolved?
Today, White Martins operates under the Linde PLC brand after a merger with the German group in 2019. Although we retain our strong identity in Brazil, we also oversee operations in different South American countries. We have more than 70 factories across Brazil and employ 4,000 workers in South America.

What are the main benefits of the merger with Linde in 2019?
The merger with Linde proved to be quite successful, allowing us to grow beyond market expectations at a pace faster than the industry average. Linde is known for its strong engineering legacy; thus, it has brought a vast portfolio of high-quality products to the table, improving the range of our industrial plants and factories. For instance, the merger with Linde improved our hydrogen and green ammonia plants, natural gas processing units, and oxygen factories in the air gases segment.

What role does hydrogen and green hydrogen play in White Martins' portfolio?
Hydrogen is a key product in our portfolio. Additionally, we have been pioneers in green hydrogen in South America, starting in December 2022 with our first certified plant in Suape, Pernambuco. Recently, we announced the construction of a new green hydrogen facility in Jacareí, São Paulo.

What is the significance of White Martins' LNG plant in São Paulo?
White Martins operates the country's first liquefied natural gas (LNG) plant in São Paulo, which has been running successfully for 19 years. This facility liquefies natural gas from the grid and transports it via truck to customers in many Brazilian states without pipeline access, offering a vital energy option that supports carbon reduction. Given Brazil's potential for natural gas, we are considering expanding this plant to increase capacity. ■

<< 15

tor for Latin America at Topsoe, commented that Latin America is behind the US and Europe in the energy transition, however, he suggests that this gap might be more about the pace of legislative changes rather than a lack of commitment. He advocates for a shift in approach, emphasizing that incentivizing rather than prohibiting could be a more effective strategy: “The renewables market is heavily influenced by government support. With the Inflation Reduction Act (IRA), the US is a great example, leading to a boom in projects, including many for Topsoe involving ammonia and electrolyzers. The lack of similar incentives in Latin America makes it harder for local companies to justify projects of this magnitude,” illustrated Cienfuegos.

Cienfuegos also noted that while each Latin American country has its unique socioeconomic situation and priorities that can sometimes push environmental projects lower on the national agenda, there are many sustainable projects underway, especially SAF projects or green ammonia production, like the project Topsoe is working on in northern Brazil: “There are many initiatives, mainly leveraging the availability of resources like biomass, wind and solar energy. Brazil, for instance, is one of LATAM’s primary drivers for these types of projects, benefitting from extensive natural resources and ports with easy access to Europe,” he concluded.

In the context of limited government incentives, Brazil launched a program in early 2024 that places innovation and sustainability at the forefront. Ivan Fortunato, commercial director for LATAM at Yara, noted that Brazil’s status as an agricultural powerhouse will facilitate the ramp-up of biomethane production. This effort is supported by the federal government’s Nova Indústria Brasil Program to revitalize the chemical industry with a planned investment of R$300 billion by 2026. “The program is a crucial step serving as a foundation for developing new markets, especially in renewable industries [...] Brazil is rich in renewable resources and already has a relatively green chemical industry. With the proper regulations and a well-structured gas market, these strengths can be exploited to advance the country’s industrial landscape,” said Fortunato.

Mário Simon, executive business director at White Martins, a Linde company, highlighted how Brazil’s unique ecosystem and geography, combined with the recent approval of a new hydrogen policy (pending President Lula’s final sanction) position the northeastern region of Brazil as a key hub for renewable energy projects: “We have many projects and a Memorandum of Understanding that focuses on green hydrogen and ammonia production in the northeastern region of Brazil, which has favorable conditions for wind and solar energy production. Additionally, the region’s proximity to Europe and the US, coupled with state incentives and a free trade zone, makes it of strategic importance for these types of projects.” ■

Pablo Pinochet

President Americas
AMBIPAR

» Waste is typically considered an environmental liability that companies must pay to dispose of. We are flipping this script by transforming that liability into an asset. «

We last interviewed Ambipar in 2019. Could you give us a brief update on the company since then?

Ambipar is a multinational company with a presence in over 40 countries and a workforce of nearly 20,000 people. Since its founding in 1995, the company has remained focused on leading the environmental management and emergency response sectors. Our business operates under two main segments: Ambipar Environment and Ambipar Response.

Ambipar Environment is dedicated to waste recovery, circular economy, material treatment, reuse and recycling. Ambipar Response complements this by focusing on the prevention, preparedness, response and remediation of emergencies involving chemical products or other contaminants, and emergency response services for fires and environmental incidents on roads and railways. In recent years, we have extended our services to support governments in preventing, preparing for, and responding to natural disasters. In LATAM, in Chile, Peru, Brazil, and Uruguay, we actively participate in technical committees with governments through local associations like Abiquim, ASIQUR, ASIQUIM, receiving substantial technical support.

How does Ambipar plan to participate in the growth of Latin America’s chemical and petrochemical industries?

Ambipar began as a logistics and transportation company specializing in chemical and petrochemical products in Brazil. We are dedicated to helping our clients tackle challenges in innovation and efficiency, focusing on process improvements, sustainability, and environmental stewardship—key priorities in both industries. Looking forward, we anticipate growth in these sectors across Latin America, particularly in Brazil and Mexico, with hopes that Argentina will soon follow suit.

We are making significant investments in projects. In March 2024, we launched the US$25 million GIRI industrial waste treatment plant in Santiago, Chile. This facility, the first in Latin America, aims to advance recycling efforts and minimize hazardous materials. We also have another similar project in the pipeline in Brazil for 2025.

Also in Brazil, beyond working with Braskem to promote the conscious and proper disposal of plastic products, we have formed a partnership with Dow Chemical Brazil, which focuses on understanding and addressing their recycling and recovery needs. Additionally, we are involved with Heineken in a significant glass bottle recycling project valued at nearly R$100 million. In Mexico, adding to our contract with DOW Chemical México, now we have just signed another contract with WEG, a company connected to the petrochemical industry, to support all its operations from USA to Chile. While our presence in Mexico is not as strong as in Brazil or USA and Canada, we are heavily investing in the market and betting on its potential.

How would you evaluate the state of recycling in Latin America, and what is your strategy for addressing it?

Brazil’s legal framework strongly supports recycling and reuse, with concepts like extended producer responsibility deeply embedded in the country’s regulations. Chile and Peru are also making notable strides in this area. Although Mexico is not yet as advanced as Brazil, we are excited to contribute to their progress to help them navigate this transition.

Waste is typically considered an environmental liability that companies must pay to dispose of. We are flipping this script by transforming that liability into an asset: Valorized waste can become raw material for another industry or even serve as an alternative energy source. Our strategy also focuses on minimizing the volume of waste that requires final disposal.

How do APLA and local associations contribute to standardizing processes in the petrochemical industry?

Each company has its own culture regarding prevention, preparation and response, but the industry, supported by organizations like APLA and local associations, plays a significant role in standardizing these processes. As a result, there is now a nearly universal standard in the petrochemical industry for managing these aspects.

The petrochemical industry has recognized that extending its commitment beyond the plant is essential. Ensuring that everyone in the supply chain (suppliers, transporters and logistics providers) adheres to its high safety and operational standards is essential. This means not only setting demanding expectations but also supporting suppliers to meet these rigorous standards.

What should we expect from AMBIPAR in the future?

We will continue restructuring the recent acquisitions from the past three years and improving our solution portfolio. We want to improve efficiency with each project and emergency situation by offering integrated solutions in a one-stop-shop model, ensuring that we maintain the high-quality standards we strive for every day. ■

COUNTRY OVERVIEW

"This region requires a marathon mindset, not a sprint. Medium to long-term commitment is essential for success here. Companies that do not understand the long-term nature of doing business in Latin America often enter the market with unrealistic expectations."

- Mauricio Adade,
President – Latin America,
dsm-firmenich

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Image courtesy of Rafael Guajardo at Pexels

Mexico

A TALE OF TWO EAGLES: US AND MEXICO FRIENDSHORING TAKES FLIGHT

Mexico's economy experienced an average GDP growth of 2% between 1994 and 2023, with an increase of 3.1% in 2023. The chemical industry also grew substantially last year. According to the Chemical Industry Association of Mexico (ANIQ), chemical production rose by 3.2% compared to 2022, reaching 20,652 t/y. Exports surged by 119.8%, climbing to 9,565 t/y from 4,393 t in 2022. Domestic consumption increased by 16.2%, and value creation grew by 5.9%, reaching US$21.4 billion. Despite these positive figures, the industry faced a trade imbalance, with the deficit rising to US$33.8 billion, up 17% from 2022.

In this context, discussions within the industry in Mexico over the three months of GBR's research revealed mixed feelings and focused on several key themes. One prominent theme was the Mexican presidential elections.

On June 2, Mexicans went to the polls to elect their next president, and Claudia Sheinbaum will assume office on October 1, 2024. One key area of interest for the industry is how the new president-elect will address Pemex, the state-owned energy company.

Pemex has been continually subjected to political interests and has even required government intervention to manage a debt of approximately US$100 billion, now structured as bonds. This debt and a production deficit have negatively impacted the chemical industry's production capacity. For example, Pemex reported its lowest monthly crude oil production in February, which, according to Reuters, was the lowest in 45 years.

Claudia Sheinbaum has already appointed Víctor Rodríguez Padilla as the next director of Pemex. The coming months are expected to be particularly intriguing for Pemex for two main reasons, as she stated to Bloomberg: "We need to work on two fronts. On the one hand, we must refinance the debt and ensure that this refinancing is linked to both oil production and refining, while also exploring other energy sources or new electricity generation schemes."

For Patricio Gutiérrez, chairman of the board and CEO of Grupo Idesa, there is a sense of optimism about the new leadership: "With the recent Mexican presidential elections and the new administration's arrival in October we expect to see positive signs of investment in this sector, which could bring substantial benefits to the country. While there are cautions, especially regarding the energy sector, I am confident that measures will be taken to improve the overall economic direction of the energy sector."

During a meeting with ANIQ, GBR inquired with the association's general director, Miguel Benedetto, about their collaboration with Claudia Sheinbaum's transition team. Benedetto explained that discussions have focused on the chemical industry's role in the energy transition, a crucial step for developing a comprehensive policy that supports renewable energy and sustainability, particularly in the context of nearshoring. Much like Gutiérrez, Benedetto showed optimism: "The upcoming administration has shown great willingness to engage with what they consider priority sectors like the chemical and petrochemical industries. They want to understand the challenges, contributions, and benefits they can provide," he concluded.

The never-ending story of insufficient domestic feedstock from Pemex has been detrimental to the growth of Mexico's chemical industry, preventing it from unleashing its full potential and forcing companies to depend on imports from countries like the US: "A robust Pemex is crucial for supplying raw materials to the chemical sector, and collaborating on joint projects to support its recovery is essential," commented Stefan Lepecki, CEO at Braskem Idesa.

Braskem Idesa produces polyethylene (PE) and operates a facility running at over 80% of its capacity. Due to the shortage of domestic feedstock, the company relies on a "fast-track" and temporary solution to import ethane: "Today, 70% of global polyethylene producers rely on naphtha crackers for feedstock, whereas companies like Braskem Idesa, using ethane, maintain a considerable competitive edge. While Mexican ethane remains our primary choice, Pemex lacks the capacity to meet our requirements and supply its own complexes. Importing ethane from the US will keep us globally competitive despite the logistics cost of importing feedstock, which might initially seem a disadvantage," explained Lepecki.

The real deal for Braskem Idesa is the completion of the Terminal Química Puerto México (TQPM), a subsidiary of Braskem Idesa, and a joint venture with Advario, a port operator. By mid-2024, TQPM's construction was 70% complete.

The project is divided into three main components: a pier for receiving ethane shipments from Houston, supported by the construction of two state-of-the-art ships in China, two ethane storage tanks with a combined capacity of 50,000 m³, and pipelines linking the port infrastructure with the production plant, which is already 90% finished. "We are on track to commence operations in Q1 2025, a pivotal step in solidifying our ethane supply strategy. Importing feedstock from the US will also establish a certain `independence´ from the national supply currently provided by Pemex," concluded Lepecki.

Another company facing challenges due to Pemex's situation is INDELPRO, Mexico's sole polypropylene (PP) producer. According to Sebastián Díaz Barriga García, managing director, INDELPRO sells around 98% of its PP within Mexico. While Mexican consumers could benefit from cheaper foreign PP, Díaz Barriga García emphasized that flexibility remains a key factor driving clients to choose them: "As a local producer, we offer our clients early reaction times and inventory management. We can obtain propylene through various means —ships, pipelines, railways, and roads—, which North American PP producers cannot because their plants are connected by pipelines to FCC units or crackers. Importing PP would require our clients to maintain a large inventory buffer, whereas it can be just a few weeks with us," he explained.

A void to fill

Much has been written about nearshoring in the last couple of editions of this report. Bear with us, because while it remains a growing trend, still Mexico cannot take it for granted.

According to figures from the UN Conference on Trade and Development (UNCTAD), Foreign Direct Investment (FDI) in Mexico has not yet surpassed the peak reached in 2013, which was US$48.35 billion. After a decline to US$30.35 billion in 2014, FDI has been on the rise, reaching US$36.05 billion in 2023. The 2024 Investment Climate Statement report by the US Department of State indicates that the US remains Mexico's largest source of FDI, with a stock of US$236 billion as of 2022.

Meanwhile, the Sino-American trade war is creating a void that Mexico has begun to fill. By the end of 2023, Mexico had surpassed China as the leading source of manufactured products for the US, with the sectors attracting the most FDI including automotive, aerospace, telecommunications, financial services, and electronics.

The Mexican Association of the Automotive Industry (AMIA) and the National Auto Parts Industry (INA) are forecasting a record-breaking year in 2024 for both vehicle and auto parts production, with estimates ranging between 3.9 and 4 million units, surpassing the 3.8 million units produced in 2018. "Mexico is emerging as a key player in the automotive sector's transition to electric vehicles (EVs). This extends to the production of automotive parts and to becoming a producer of EVs, and the specialty chemicals segment can provide solutions for this transition [...]Probably between 20% and 30% of our total sales are directed toward the automotive industry, but what is particularly noteworthy is the focus within Evonik on developing new products and technologies for the EV transition," shared Martín Toscano, president of the specialty chemical producer Evonik.

While Tesla has postponed the construction of its plant in Mexico until after the US elections, Asian OEMs have been attempting to bypass US trade restrictions by establishing operations in Mexican territory, according to DAXX's commercial director for Mexico, Jorge Hernández: "From Sonora to Tamaulipas, several maquiladora operations convert products for sale in the US. The development of the automotive industry (like EVs) and extended storage and production facilities have strengthened Asian investments. Under this strategy, Asian intermediates manufacture in northern Mexico and then benefit from trade agreements to enter the US market," he commented.

However, Tesla's decision to pause construction of its plant near Monterrey raises a fundamental question: What will happen after the US elections in November 2024?

When asked about the impact this might have on nearshoring dynamics, ANIQ's general director, Benedetto, remarked that the election outcome is beyond their control. However, what is within their control is ensuring that the Mexican industry and government remain aligned: "I firmly believe that Mexico must become competitive and create the right conditions to attract nearshoring. The conditions are within our control as a country, regardless of external factors. When everyone is on the same page and working towards a common goal, achieving success becomes much simpler, and we must foster an environment that attracts foreign investment," he concluded. ■

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MEXICO AT A GLANCE
Source: IMF, data for 2024

CAPITAL
Mexico City

HEAD OF STATE
Claudia Sheinbaum Pardo

GDP
US$ 2.02 trillion

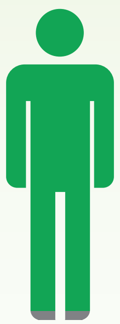
GDP GROWTH
2.4%

TOTAL INVESTMENT (% OF GDP)
21.9%

GROSS NATIONAL SAVINGS (% OF GDP)
18.6%

CURRENT ACCOUNT BALANCE (% OF GDP)
-0.8%

DEMOGRAPHIC DATA
Source: IMF, data for 2024



POPULATION
132.3 MILLION

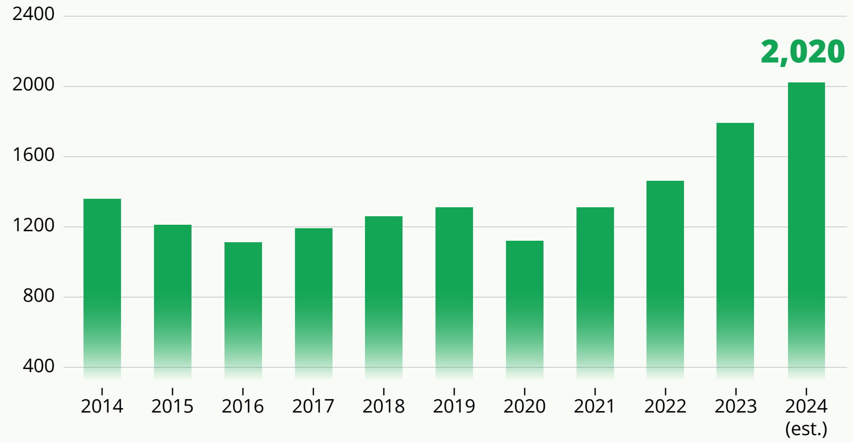
UNEMPLOYMENT RATE
2.8%

GDP PER CAPITA
US$15,250

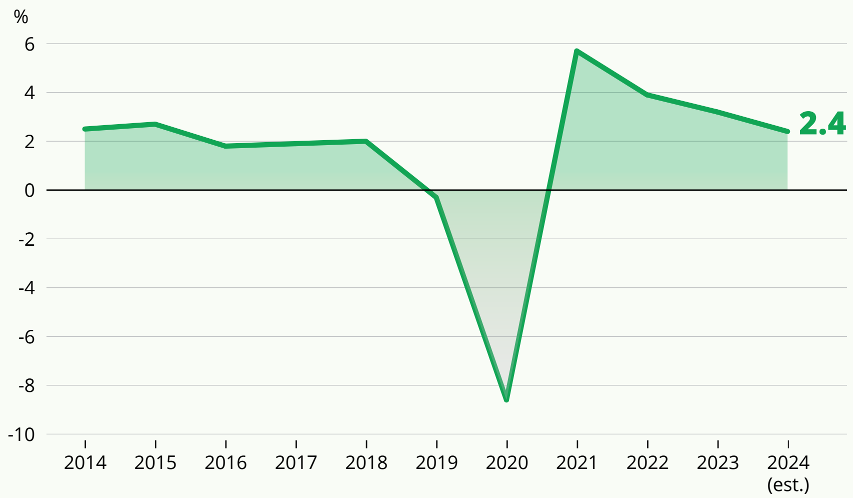
GDP PER CAPITA (PPP)
US$25,960

INFLATION RATE
4%

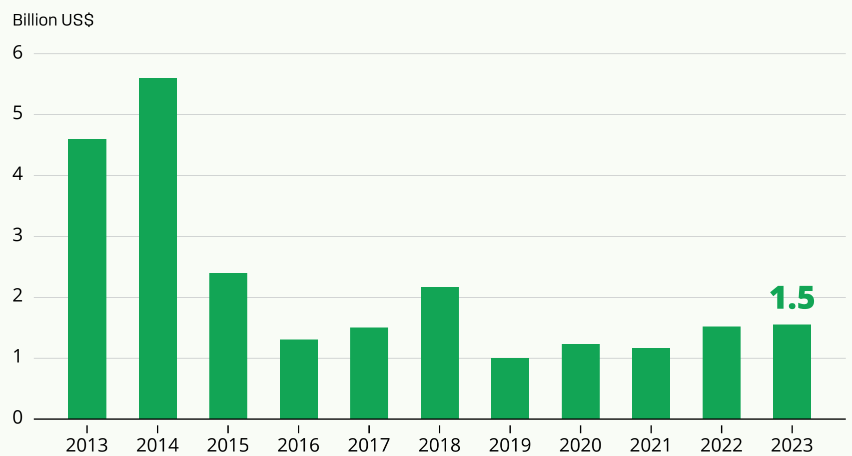
GDP EVOLUTION
Source: IMF 2024



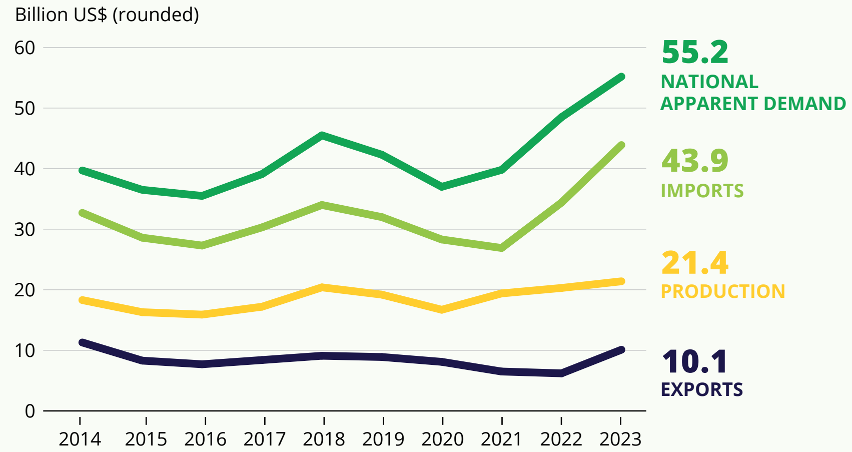
GDP GROWTH
Source: IMF



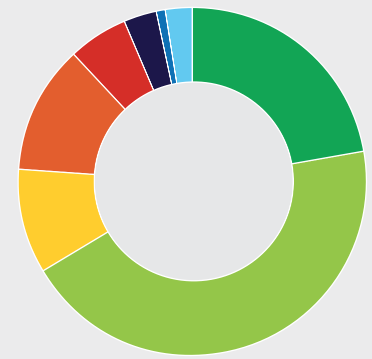
CHEMICAL INDUSTRY INVESTMENT
Source: ANIQ



CHEMICALS PRODUCTION AND TRADE
Source: ANIQ

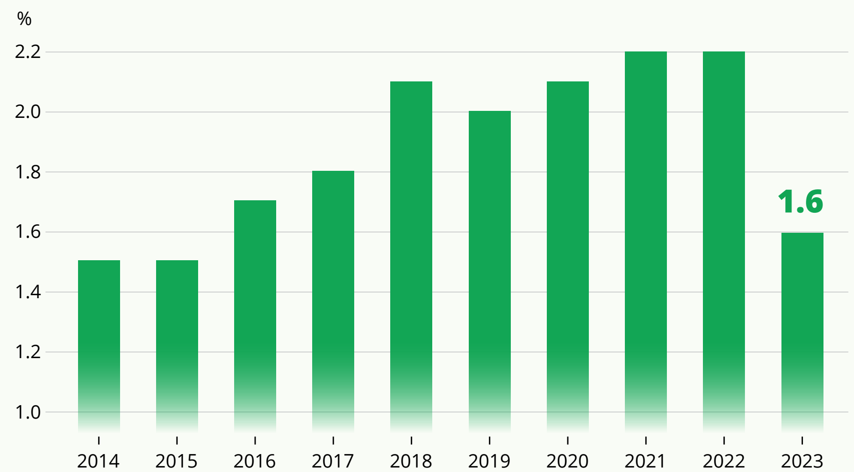


CHEMICAL INDUSTRY BREAKDOWN (% SALES VALUE)
Source: ANIQ

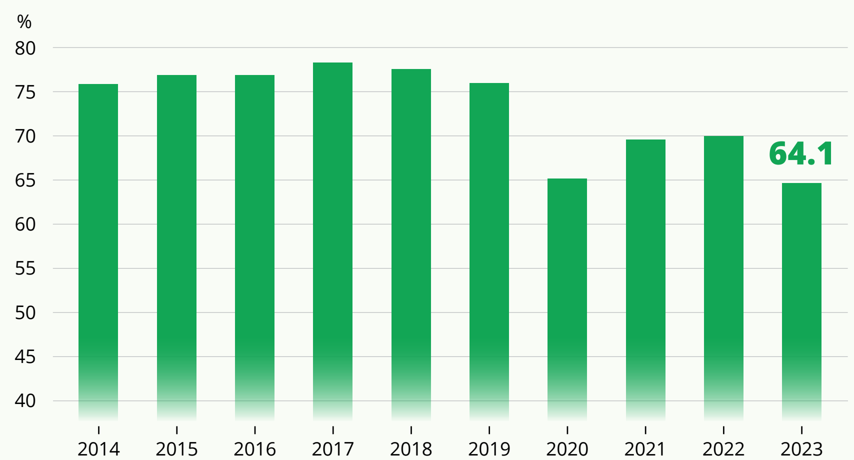


	%
Petrochemicals	22.2
Synthetic resins	44.3
Agrochemicals	9.6
Inorganics	11.9
Industrial gases	5.6
Synthetic rubbers	3.0
Pigments and colorants	0.9
Adhesives	2.4

% PARTICIPATION OF THE CHEMICAL INDUSTRY IN THE GDP
Source: ANIQ



CAPACITY UTILIZATION RATE
Source: ANIQ



CHEMICAL INDUSTRY AT A GLANCE
Sources: ANIQ

PERCENT OF GDP
1.3%

CAPACITY UTILIZATION RATE
64.1%

INVESTMENT
US$1.55 BILLION

Miguel Benedetto

Director General
ANIQ

Mexico must improve supply chains and adapt ports and maritime and rail infrastructure to leverage nearshoring to support new investments.

How has ANIQ been working with the team of the recently elected president, Claudia Sheinbaum?

If you look at the foreign investment figures Mexico received in 2023, you will see record numbers. It was the highest year for investments, with many coming from new sources. Statistics for Q1 2024 show even higher investments, suggesting that we might attract even more this year.

We have already held meetings with the transition team from Claudia Sheinbaum to discuss the chemical industry's role in the energy transition. This collaboration with the Government is essential for building a comprehensive policy that promotes renewable energy and sustainability, especially in the context of nearshoring, which Mexico has to leverage. I think we must navigate the energy transition in a way that benefits the industry, improves our competitiveness, fosters innovation, better supports other industries, and drives economic growth in Mexico.

Our agenda includes improving energy infrastructure and water management, as recent water shortages in areas like Tampico halted chemical production for weeks. By collaborating on these issues, we aim to enhance the renewable energy matrix and boost the country's investment potential. The upcoming administration has shown great willingness to engage with what they consider priority sectors like the chemical and petrochemical industries.

What can you tell us about ANIQ's new sustainability report?

We have been closely monitoring the performance of the chemical industry in Mexico and have seen significant improvements. For instance, we have reduced water consumption per ton produced by over 50% and significantly reduced the generation of hazardous waste reaching aquifers. Additionally, we track sustainability metrics, including workplace accidents, which have markedly decreased per hour worked.

What areas should Mexico focus on to improve its chemical industry?

Electricity prices in Mexico vary by region and are, on average, 25 to 30% higher than in the Gulf region. Therefore, achieving more competitive electricity prices is crucial. Another critical issue is integrating renewable energy into our electricity matrix. This shift aligns with Mexico's commitments under the Paris Agreement to reduce emissions and ensures that Mexican exports do not face additional environmental taxes in critical markets.

In what ways is ANIQ improving its communication and public engagement strategies?

ANIQ previously lacked a communication department. This year, however, we hired a communications specialist to simplify and effectively convey our messages. We are now actively publishing content, engaging on social media, updating our website, and preparing to launch a podcast focused on the energy transition and different industry topics. Under the new leadership of Claudia Márquez, ANIQ is implementing a strategy to highlight the chemical industry's significance in the economy, and how the sector contributes to society's well-being.

Moreover, we are encouraging young people to pursue careers in science to address the gap between Mexico's strong engineering enrollment and the chemical industry's growing demand. Despite its high remuneration, the industry is often underrepresented and poorly marketed. We need to showcase the industry's benefits and opportunities better so that students can make informed decisions about pursuing careers in this field.

What will be ANIQ's top priorities from 2024 onwards?

One of our key priorities besides sustainability is the USMCA (T-MEC) review. Starting next year, we will discuss this with our counterparts from the US and Canada. Mexico's chemical and petrochemical sector is highly significant, with a value exceeding US$55 billion in 2023. It represents the country's largest industrial trade share, with 60% of this trade directed towards the US. Therefore, maintaining favorable conditions in the free-trade agreement, such as rules of origin and customs regulations, is essential to support this level of trade.

Mexico must improve supply chains and adapt ports and maritime and rail infrastructure to leverage nearshoring to support new investments. However, it also needs to consider the ongoing review of the USMCA.

We have not yet conducted a detailed analysis of the scenarios that could unfold after the US elections. The outcome is beyond our control; however, I firmly believe that Mexico must become competitive and create the right conditions to attract nearshoring. The conditions are within our control as a country, regardless of external factors. When everyone is on the same page and working towards a common goal, achieving success becomes much simpler, and we must foster an environment that attracts foreign investment. ■

Stefan Lepecki

CEO
BRASKEM IDESA

Our challenge lies in becoming more efficient in waste collection, using technology and improving logistics to offer PCR as an environmentally sustainable, yet economically viable solution.

What progress did Braskem Idesa make with Terminal Química Puerto México (TQPM)?

In 2023, we secured US$408 million in project finance for Terminal Química Puerto México (TQPM), a subsidiary of Braskem Idesa and a joint venture with Advario. We won the "Oil & Gas Deal of the Year" at the IJGlobal Awards in New York for securing such financing in a globally complex scenario.

By mid-2024, we had made significant progress, completing 70% of TQPM's construction. We are on track to commence operations in Q1 2025, a pivotal step in solidifying our ethane supply strategy. Importing feedstock from the US will also establish a certain independence from the national supply currently provided by Pemex.

Today, we are operating our complex on margins over 80%vof our capacity since we are importing ethane through a "fast-track" temporal solution. With the TQPM, we can operate our complex at nearly 100% capacity and consider a potential expansion since we will have the necessary raw materials. This expansion would require lower CapEx because our Etileno XXI complex project had already accounted for this possible future expansion.

Can you describe the TQPM project?

The project is essentially divided into three parts: a pier where ships will bring ethane from Houston to TQPM, storage tanks, and pipelines. We are building two state-of-the-art ships in China for this operation, incorporating the best sustainability concepts, and we already have the concession and permits for the pier.

The second part involves two 50,000 m³ ethane storage tanks. These tanks are special as they operate at cryogenic temperatures below -90 degrees Celsius, requiring special materials and double walls.

The third part includes the pipelines connecting this port ecosystem with our production plant. We have reached 90% completion of the pipelines and have obtained all required environmental and construction permits. A significant challenge for the latter half of 2024 will be seamlessly integrating this infrastructure with our complex without disrupting operations.

Why is "friend-shoring" becoming crucial for Mexico and Braskem Idesa's competitiveness?

Today, 70% of global polyethylene producers rely on naphtha crackers for feedstock, whereas companies like Braskem Idesa, using ethane, maintain a considerable competitive edge. While Mexican ethane remains our primary choice, Pemex lacks the capacity to meet our requirements and supply its own complexes. Importing ethane from the US will keep us globally competitive despite the logistics cost of importing feedstock, which might initially seem a disadvantage.

Mexican friend-shoring has long been beneficial. We buy US ethane, produce polyethylene, and sell it to Mexican processors who export final products back to the US. Free trade agreements, favorable logistics, competitive, skilled labor, lower fixed costs, a better plant scale than the average US plant, and the proximity of industries support this win-win supply chain and enhance our competitiveness.

What sustainability advancements has Braskem Idesa made regarding recycled PCR products and decarbonization?

If global polyethylene prices remain low due to supply and demand imbalances, producing and selling recycled PCR products becomes more difficult. Collecting waste and blending it incur higher costs than producing virgin resin. Our challenge lies in becoming more efficient in waste collection, using technology, and improving logistics to offer PCR as an environmentally sustainable yet economically viable solution. Mexico has great potential for recycling, especially mechanical recycling, due to decades of experience collecting polyethylene and polypropylene. We have partnered with Alcamare for PCR recycling, and in December 2023, we obtained FDA certification for the use of recycled PCR in cosmetics and food applications. This certification opens a significant opportunity for better utilization of PCR.

Decarbonization is a critical focus for us. We are currently in the initial stage of decarbonizing our plants, emphasizing energy efficiency. We are making our processes more efficient by leveraging state-of-the-art and automated technology, including advanced control solutions and machine learning. By 2028, our goal is to reduce emissions by 15%. To date, we have achieved a 7% reduction in emissions.

What is your outlook for 2024 compared to 2023?

2023 was extremely challenging for the global chemical and petrochemical industry, especially for polyethylene, Braskem Idesa's main product. Following the pandemic, significant investments were made in new plants in China and the US, increasing production capacity. Additionally, global inflations and higher interest rates to control it have impacted economies. Looking ahead to 2024, we see improvements in this scenario and are working accordingly. ■

Patricio Gutiérrez

CEO
GRUPO IDESA

What was the outcome of Grupo Idesa's activities at the close of 2023?
Despite a challenging year, we achieved a significant milestone with a substantial capital increase supported by one of our main shareholders. This strengthening of our balance sheet has allowed us to confront market adversities more resiliently and prepare ourselves for ongoing challenges. Internationally, demand continues to be affected by excess capacity, particularly in key regions like China and US, which influences the supply and prices of our products. Thus, we are focused on adapting swiftly to market fluctuations and maximizing our opportunities in this competitive environment.

Have you seen signs of improvement in demand and operations in Mexico?
Domestic demand remains generally stable. Economic growth in the US has benefited Mexico by sustaining demand, though moderately.

Do you see benefits from the "nearshoring" between the US and Mexico?
With the new administration's arrival in October, we expect to see positive signs of investment in this sector. While there are cautions, especially regarding the energy sector, I am confident that measures will be taken to improve the overall economic direction of the energy sector. Additionally, the US elections in November are a critical factor that could influence the Mexican economy.

How is Grupo Idesa approaching circularity and sustainability?
Grupo Idesa focuses on circularity through various initiatives within its divisions and joint ventures. At Braskem Idesa, post-consumer resins (PCR) are produced by blending recycled resin with virgin resin. Cyplus Idesa emphasizes the circularity of products like sodium cyanide, ensuring transport boxes are reused to minimize waste and prevent unintended environmental impacts.

What is Grupo Idesa's vision for the coming years?
In logistics, we are consolidating our operations and exploring new opportunities in terminals to enhance efficiency in product logistics. Given our roots in petrochemicals, we are also committed to reversing the trend of trade deficits in the national chemical industry. ■

Sebastián Díaz Barriga

Commercial Director
INDELPRO

Would you remind our audience of Indelpro's production capacity?
Indelpro is a joint venture between LyondellBasell, the world's largest PP technology licensor, which holds a 49% stake, and Alpek, the largest private petrochemical group in Mexico, which owns 51% and manages the business. Alpek primarily focuses on polyester and is one of the world's major PET producers. They also lead in PTA production, the main raw material for PET, and are the largest PET recycler in the Americas.

Indelpro is Mexico's only polypropylene (PP) producer. We operate a facility in the Altamira Petrochemical Park, close to the port, where we have a private petrochemical terminal with tanks for receiving propylene and ethylene via vessels. Our production includes two lines: Both plants have a combined installed capacity of 650,000 t/y of PP.

As a local producer, we offer our clients early reaction times and inventory management.

What have been some of the latest developments at Indelpro in 2023?
2023 was key for us as we started a new ethylene tank project at the Altamira port. This facility will enhance our storage capacity for imported ethylene, supporting our strategic plan to expand our special materials and polymers production and target more specialized markets. Overall, the demand for PP in Mexico has been strong. In 2023, it grew by 4 %. Despite the complexities of logistical issues and challenges with Pemex, one of our leading suppliers, the outlook for 2024 is promising.

What are the challenges associated with using recycled resins compared to virgin resins?
Progress has slowed despite the initial buzz around circularity from major companies years ago. This is because recycled resins remain more expensive due to the cost of collecting, cleaning, grinding, and reprocessing plastics. Additionally, many companies are on a stand-by moment with the current low prices of virgin resins. Furthermore, regulations across the Americas are still unclear. ■

Martín Toscano

President
EVONIK MEXICO

» We are witnessing significant growth driven by the expansion of our clients here, alongside a wave of new companies investing and expanding under the framework of nearshoring. «

Where is Evonik seeing potential growth in Mexico?
We continue focusing and further developing our specialty chemicals business, which is crucial for us as we engage across 15 active business lines in the Mexican market. We aim to meet clients' needs predominantly in the manufacturing and production sectors. In this context, we are witnessing significant growth driven by the expansion of our clients here, alongside a wave of new companies investing and expanding under the framework of nearshoring.

How does EV development impact Evonik's market strategy within the Mexican automotive sector?
Mexico is set to become the world's third-largest producer of automotive parts sooner than expected. In terms of production, Mexico is currently producing approximately 4 million units annually. Additionally, Mexico is emerging as a key player in the automotive sector's transition to electric vehicles (EVs). This extends to the production of automotive parts and to becoming a producer of EVs, and the specialty chemicals segment can provide solutions for this transition as a natural vehicle to secure this transition in the industry. Many companies in Mexico are repurposing their production assets to meet the needs of EVs, alongside new investments and expansions by existing companies.

Probably between 20% and 30% of our total sales are directed toward the automotive industry, but what is particularly noteworthy is the focus within Evonik on developing new products and technologies for EV transition. This includes advancements in paints, inks, coatings, high-performance polymers, polyurethanes, and their respective additives, which are crucial for example for insulation due to the temperature considerations arising from battery use.

What is Evonik's Next Generation's focus on sustainability and new talent acquisition?
Next Generation focuses on new technology products, whether existing or co-developed, to meet our clients' needs and address specific challenges in their production processes or final products. From a sustainability perspective, we approach this through two concepts: "footprint" and "handprint." "Footprint" represents our classic approach to developing more sustainable products within Evonik's operations. "Handprint" refers to the positive impact our products and technologies have when applied, supporting our clients' sustainability agenda.

From an internal perspective, we also need to be more attractive to younger generations as we compete with other industries where topics like digitalization and new technologies align with their aspirations. Our goal is to conduct a holistic analysis to incorporate new advancements and leverage them to attract and enhance the sustainability and efficiency of our products while we drive talent development and innovation within the chemical industry.

What are the main challenges in making non-fossil-based products more competitive?
One of the main questions is, "Who will take the bill for all of this?" I believe that we need to shift our mindset away from focusing solely on the lowest cost to considering the best overall costs. Historically, our sector lacked collaboration among different stakeholders across the value chain. However, today, under a serious sustainability agenda, the more stakeholders understand the impacts of our actions and how we conduct business, the better we can develop and market solutions aligned with the end consumer's needs.

What is your market analysis for the upcoming months?
The North American market has proven to be more resilient than anticipated. Recession concerns did not materialize. Mexico continues to drive a robust export and business development agenda in manufacturing and personal and home care products, and appliances, among many others.

Looking ahead, the second half of 2024 will present significant logistical challenges in terms of cost and efficiency. We are facing unprecedented simultaneous disruptions affecting this segment, such as conflicts in Ukraine and the Middle East and climatic challenges in the Panama Canal. These situations underscore the importance of our relationship with service providers to improve efficiency in terms of economic KPIs and how we can collaborate effectively with our customers.

2024 was an election year for Mexico, something we welcome with optimism since they view the chemical industry as a crucial and indispensable vehicle for the country's development. The upcoming US elections also form part of our closely monitored political agenda. This political landscape is expected to positively impact the solid North American bloc comprised of the US, Canada, and Mexico, which operates like a closely integrated entity where economic and industrial policy initiatives in any of these countries positively impact others. ■

Brazil

MORE "ORDEM" TO KEEP THE "PROGRESSO": PUSHING FOR PROTECTIVE MEASURES AGAINST THE RISING TIDE OF ASIAN IMPORTS

If there is one thing the Brazilian chemical industry has proven since GBR concluded its research and interviews for the last edition of this report, it is that there is strength in numbers. No country can escape the global economic dynamics and geopolitical factors driving the current downturn, but these have impacted the Brazilian chemical industry in a unique way. "The Brazilian chemical supply chain is facing unprecedented challenges that threaten its very existence and the future of sustainable solutions for Brazilian industry" is the translation of one of the paragraphs written in the "Manifesto in Defense of National Chemical Input Production" signed by different Brazilian industry associations on June 25, 2024, published by the Brazilian Chemical Industry Association (Abiquim, in Portuguese).

Keep in mind that the Brazilian market mainly produces commodity chemicals, which are the ones that suffer the most in cycles like the current one. As Latin America's largest and the world's sixth largest chemical producer, this sector is a major contributor to GDP, with a revenue of US$167.4 billion and a local market worth US$250 billion. As such, the key message from the Brazilian chemical sector in recent months has been a call to action: they must focus on fixing what lies within their control.

Abiquim, along with other associations, unions and committees, has been actively lobbying the Brazilian government to take action to protect the industry. In March 2024, the Brazilian chemical sector submitted a request to increase the Common External Tariff (TEC), proposing the inclusion of 65 products on the List of Temporary Increases to raise tariffs on imported goods, particularly those from Asia. A few weeks later, on May 22, Abiquim representatives met with President Luiz Inácio Lula da Silva to discuss the industry's current state.

According to Abiquim's publication, Lula expressed his desire for a "strong chemical industry for Brazil, with great competitiveness among the main global economies, aiming for a second or third place globally." On one side, he requested a detailed roadmap from the sector; on the other hand, he committed to establishing commercial defense mechanisms against "predatory imports."

One of the representatives who attended the meeting with Lula was Francisco Fortunato, CEO of OCQ Group. Fortunato noted that despite OCQ's acquisition of Elekeiroz over a year ago, which paved the way for the development of new plasticizers and coalescents that are progressing faster than anticipated, the past year has been challenging: "2023 was challenging for us, and 2024 is proving to be just as tricky, mainly because of increased importation costs. While regions like Mexico, the US, and Europe have raised import duties, China's struggle to meet these global demands has resulted in a flood of cheaper products entering Brazil," explained Fortunato.

Fortunato is right: both Mexico and the US have been actively addressing this. In May 2024, President Biden announced increased tariffs on US$18 billion worth of Chinese imports across sectors deemed critical to national security.

Image courtesy of Pixabay at Pexels

From a geopolitical standpoint, observing how this ongoing superpower-rivalry between China and the US has impacted Brazil, which maintains strong relations with both, is interesting. For example, consider what John Moseley, COO of Port Houston, shared with GBR: "Brazil stands out as a key opportunity in the shifting trade environment influenced by geopolitical factors. As a vast country with a large economy, Brazil is undergoing transformative initiatives in infrastructure, including the development of ports, railroads, and the mining sector. In this context, Houston has emerged as the leading gateway for trade between the US and Brazil for the past decade, representing over US$24 billion in bilateral trade with Texas, making it the fifth-largest trading partner for the state."

On the other hand, when Lula visited Beijing, he stated: "Nobody can stop Brazil from continuing to develop its relationship with China."

At the beginning of this article, I mentioned "There is strength in numbers." However, it appears that Abiquim and parts of the industry lack support from the broader plastics value chain. For example, various media outlets indicate that ABIPLAST, the Brazilian Association of the Plastic Industry, and 15 other sectors may have petitioned President Lula to reconsider raising tariffs on plastic resins. They argue that such a move could disrupt the plastic market, potentially leading to inflation in essential products and affecting various government programs.

The purpose of this article is not to create divisions within the Brazilian industry but to depict the current situation. As Lula has stated, the industry must present a detailed roadmap to the government, ideally addressing ABIPLAST's concerns. When this will occur remains uncertain, however, as Fortunato pointed out: "In Brazil, imports are not regulated, creating an uneven playing field. While we have brought this issue to the government's attention, implementing new regulations, even if streamlined, could take at least two years."

Surfing the wave of foreign products

There are numerous reasons why dumping prices are unfair, however, what explains the challenge Brazilian chemicals face in competing with Chinese ones? Besides, how are Brazilian producers working to differentiate themselves so that clients are willing to choose their products and pay the extra cost?

Daniela Manique, CEO of Latam and president of global business Coatis at Solvay (Rhodia), pointed out that some Asian competitors still rely on coal as an energy source, resulting in a carbon footprint significantly higher than Brazil's. Meanwhile, Abiquim asserts that the Brazilian chemical industry is one of the cleanest globally regarding CO2 emissions, with emissions up to 51% lower than those of other international producers.

"Emission policies like the CBAN, the Carbon Border Adjustment Mechanism, which we are discussing with the Brazilian government and is already being implemented in Europe, are crucial to ensure that countries with a cleaner energy and emissions matrix do not bear the costs coming from the leakage of foreign companies with a weaker ESG backbone and high emissions," added Manique.

Solvay is pursuing a two-fold strategy to maintain competitiveness. Internally, the company invests in advanced technologies, such as fully automated control rooms for phenol production and AI for preventive maintenance. Externally, Solvay collaborates with the government and suppliers to ensure that natural gas and naphtha remain competitively priced.

Natural gas has long been a challenge for the Brazilian chemical industry. In March 2021, Brazil enacted legislation to reform the natural gas market by separating production, transportation and distribution for more competition. However, this reform has yet to yield significant results, as natural gas prices in Brazil remain high compared to other countries. For example, Petrobras, the state-owned energy company, sells gas at around US$10-12/MMBtu, while prices in the US are about US$2.5/MMBtu.

Returning to an earlier point in the article, Brazilian chemical producers focus on what they can control and proactively anticipate local regulations. Marizeth Pádua de Carvalho, general manager for Latin America South and head of global strategic marketing for industrial coatings at PPG, highlighted this approach. PPG specializes in automotive, packaging, industrial, automotive refinish, and protective & marine coatings, with its main facility in Sumaré. Recently, PPG invested approximately US$2.7 million in Brazil to expand its powder coatings plant capacity by 40% and introduce a new product line featuring non-BPA technology. Carvalho noted that all major investments at PPG focus on modernization, productivity, and, above all, sustainability: "While Brazil has not yet enforced such legislation, we are already preparing for the market changes, showcasing a forward-thinking approach that aligns with our long-term vision for sustainability. Given the lack of legislation, we have implemented this project in phases, completing the first production phase and supplying it to interested clients," concluded Carvalho.

Brazil's biobased boom

Estimates from the Food and Agriculture Organization (FAO) suggest that by 2050 global food production will need to increase by 60%. Continuing with current farming practices would place an unsustainable burden on our natural resources, which, combined with global warming and natural disasters, creates a difficult situation. However, as with many industries, growing societal concern over sustainability has pushed agriculture toward biological solutions, including biopesticides, fertilizers, stimulants, and crop management chemicals.

The global biologicals market was valued at US$13.44 billion in 2023 and is expected to grow from US$15.29 billion in 2024 to US$44.70 billion by 2032. Renato Guimarães, vice president for Latin America at FMC, stated that biological products represent 15% to 20% of the total crop protection sector, giving them a faster growth rate than their chemical counterparts. This is particularly true in Brazil, where favorable climatic conditions allow for multiple harvests each year, putting continuous pressure on land. While chemical solutions often struggle with this challenge, biological products help manage pest resistance and complement chemical options.

To illustrate this, he shared an example: "In the past, soybean disease control relied on frequent chemical treatments using the same active ingredient —five applications from the plant's emergence until harvest, often leading to resistance. Now, farmers start with biological products early in the season, delaying chemical use until disease pressure increases."

BRAZIL AT A GLANCE
Source: IMF, data for 2024

CAPITAL
Brasilia

HEAD OF STATE
Luiz Inácio Lula da Silva

GDP
US$ 2.33 trillion

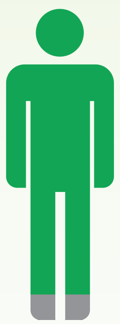
GDP GROWTH
2.2%

TOTAL INVESTMENT (% OF GDP)
17.3%

GROSS NATIONAL SAVINGS (% OF GDP)
18.5%

CURRENT ACCOUNT BALANCE (% OF GDP)
-1.4%

DEMOGRAPHIC DATA
Source: IMF, data for 2023



POPULATION
205.38 MILLION

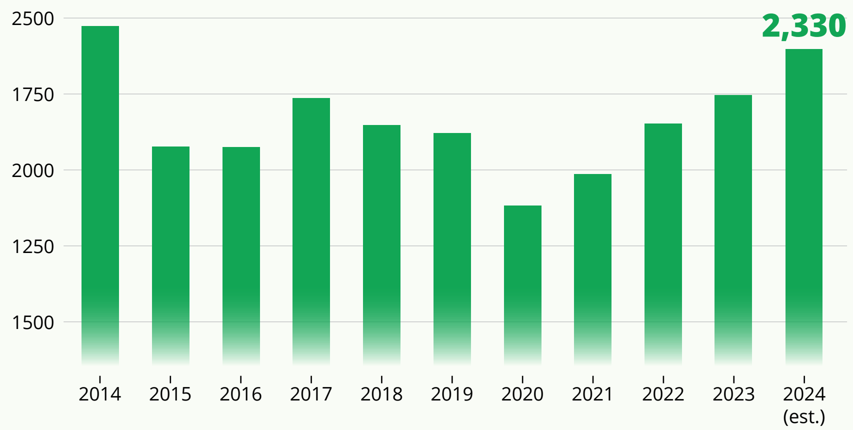
UNEMPLOYMENT RATE
8%

GDP PER CAPITA
US$10,640

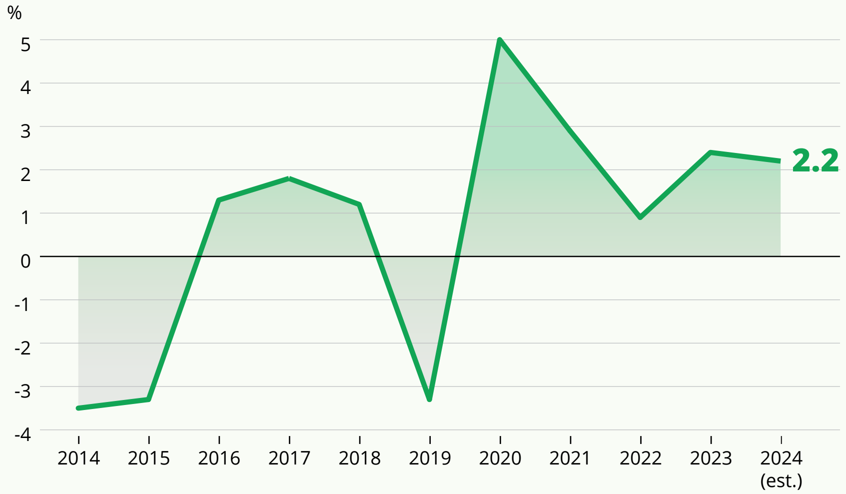
GDP PER CAPITA (PPP)
US$20,000

INFLATION RATE
4.6%

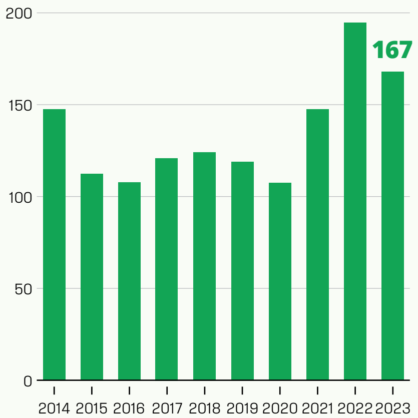
GDP EVOLUTION
Source: IMF 2024



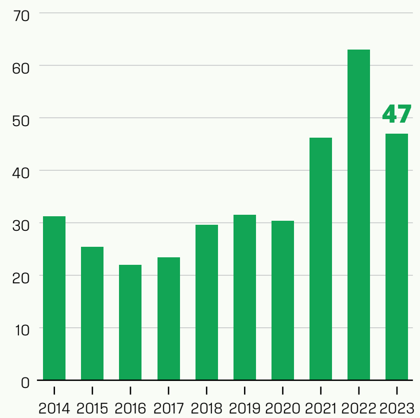
GDP GROWTH
Source: IMF 2024

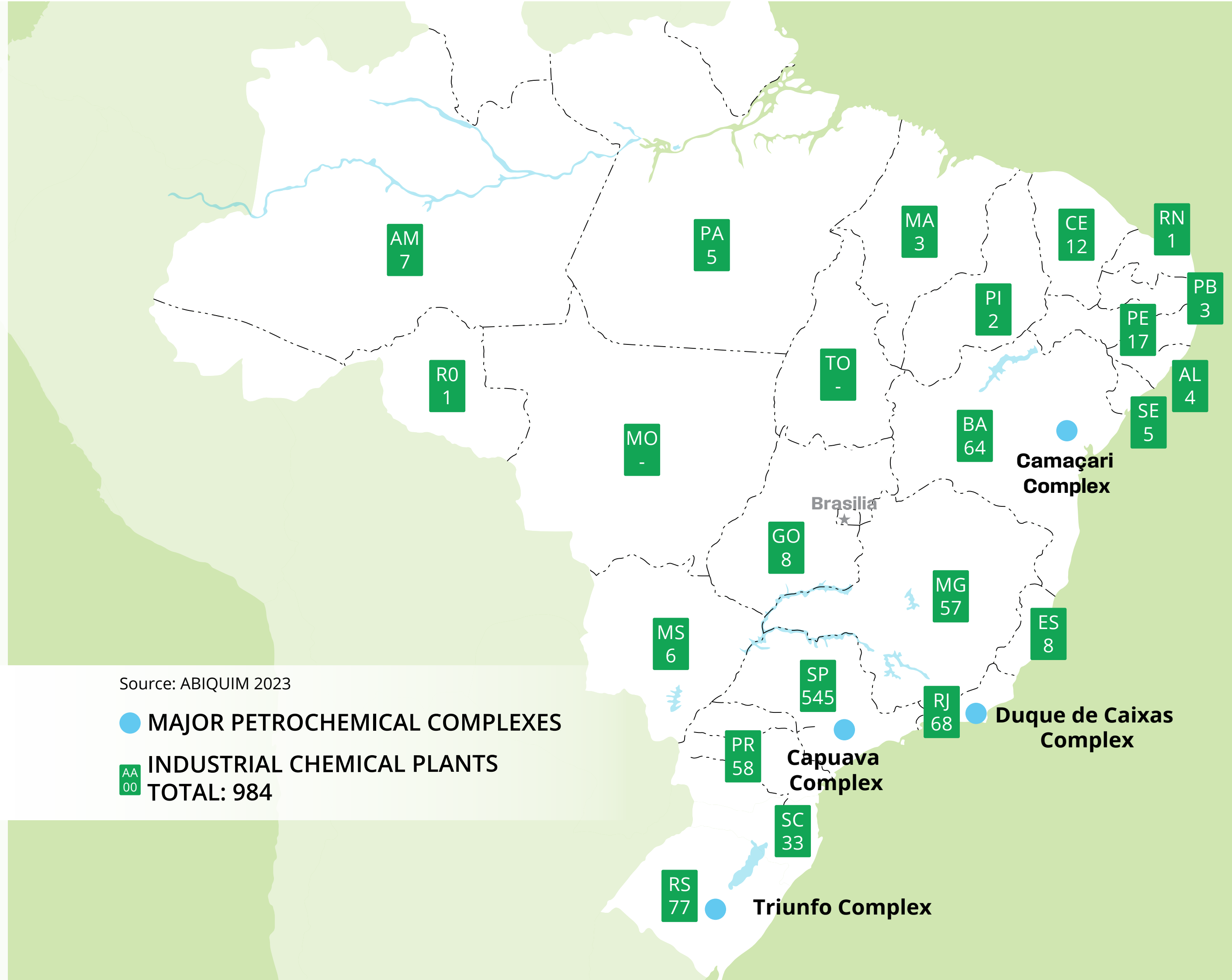


CHEMICAL INDUSTRY NET SALES
Source: ABIQUIM and other segment associations

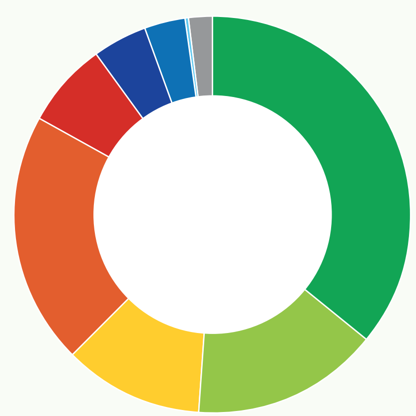


CHEMICAL INDUSTRY TRADE DEFICIT
Source: ABIQUIM





CHEMICAL INDUSTRY SALES BREAKDOWN (2023)
Source: ABIQUIM



	Sales (US$ billion)
Industrial chemicals	60.3
Fertilizers	25.5
Crop protection	19
Pharmaceuticals	34.3
Perfumes, cosmetics, personal care	11.9
Cleaning-related products	7.1
Paints and varnishers	5.6
Man-made fibers	0.9
Other	2.8
TOTAL	167.4

CHEMICAL INDUSTRY AT A GLANCE
Sources: ABIQUIM

NET SALES
US$167.4 BILLION

DEFICIT
US$47 BILLION (-25.4% Y-O-Y)

André Passos Cordeiro

President
ABIQUIM

It is urgent to create policies that guarantee the competitiveness and resumption of growth in the Brazilian industrial chemical sector, which is vital for society and has great production potential.

How did Brazil's chemical industry perform in 2023?
2023 was one of the most challenging in the sector's history. External events impacted it, including increased uncertainty in financial markets around the world, inflation pressure in the USA and Europe, the effects of the war in Ukraine on energy costs, and the disparity between investments made in our country compared to investments in countries such as the US and China. Net revenue for the industrial chemicals segment fell by 27.5% to US$60.3 billion compared to 2022. This decline was intensified due to the high surge in imported products, especially from Asian countries.

Regarding the trade deficit for industrial chemicals, the sector closed 2023 with a US$36.3 billion deficit, highlighting those imports of 70 of Brazil's most important chemical products increased by more than 30% in volume. The use of production capacity in factories fell to an alarming level of 65% on average, the lowest level in the entire series monitored by Abiquim. The sector closed in 2023 with a revenue of US$167.4 billion and a deficit of US$47 billion.

These figures show that it is urgent to create policies that guarantee the competitiveness and resumption of growth in the Brazilian industrial chemical sector, which is vital for society and has great production potential.

What are the main challenges for Brazil's petrochemical industry?
Today, Brazil has the sixth-largest chemical industry in the world and generates more than 2 million jobs. The sector is also proud to be the most sustainable, with 51% lower carbon emissions than other international chemical industries. However, it is worth mentioning that a predatory surge in product imports has heavily attacked the industry. Among other factors, an avalanche of foreign products caused a drop of R$8 billion in federal tax collection in 2023. Last year, imported products represented 47% of the chemical market, forcing local companies to hibernate.

The Brazilian chemical industry has been severely impacted by a lack of competitiveness of its main raw materials. With natural gas, while the national industry pays approximately US$14.6/MMBTU, excluding taxes, the same gas is sold for approximately US$2.82/MMBTU in the US, almost five times less. Added to the issue of energy costs, the high Brazilian tax cost, logistics, and infrastructure costs, all of this negatively impacts the competitiveness of the Brazilian chemical industry compared to the rest of the world.

What are Abiquim's key initiatives to improve Brazil's industry?
We continuously dialogue with key government bodies, including the Ministries of the Civil House, Development, Industry, Commerce and Services; Mines and Energy; and Finance. We also actively engage in various federal government working groups, such as "Gas for Employment" and "Gas for Industry," aiming to improve industrial competitiveness. Additionally, Abiquim helped create the Coalition for the Competitiveness of Natural Gas as a Raw Material (CCGNMP) to ensure natural gas remains a viable industrial input. Our involvement in the National Council for Industrial Development (CNDI) allows us to address crucial issues within the Brazilian chemical industry.

Abiquim is also focused on shaping foreign trade policies, proposing including 65 chemical products in Mercosur's "Transitory Tax Change," which would raise import taxes on these items. Furthermore, we signed a historic Memorandum of Understanding with Petrobras to resolve the sector's natural gas challenges in April 2024, facilitating potential gas and energy supply contracts. Additionally, Abiquim participated in a Brazilian delegation led by the Ministry of Mines and Energy to negotiate a new natural gas supply from Bolivia and explore the possibility of using Argentine gas through the Gasbol pipeline.

What are Abiquim's goals for the coming year?
A goal of Abiquim is to support the Programa de Estímulo à Química Verde Brasileira – (The Brazilian Green Chemistry Incentive Program)– PROVER –, currently being developed jointly with the MDIC. This initiative provides financial credits to members of the chain and can lead to a recovery against plant idleness. With PROVER, the estimate is that production capacity will reach 85% by 2028, increasing annual revenue from R$298.4 billion to R$376.6 billion. More than 1 million new jobs could be created in the chemical industry, with an increase of R$76 billion in the country's total GDP. ■

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Edison Terra

VP Olefins and Polyolefins – South America
BRASKEM

Innovation is at the heart of our strategy to become a leader in sustainable development within the chemical and petrochemical sectors.

What were some of Braskem's highlights over the past year?
In 2023, Braskem's annual production capacity reached 12 million t of chemicals and 9.3 million t of thermoplastics resins (ethylene, caustic soda, chlorine, EDC, and other chemicals). Despite a 7% decrease in average utilization rates in Brazil due to lower global demand and a planned maintenance shutdown at our Bahia Complex, we invested around US$754 million focusing on expanding bio-ethylene capacity by 30% in Rio Grande do Sul, setting up a desulfurization unite to reduce emissions and for acquiring essential inputs like catalysts.

We also strengthened our leadership in sustainability by launching new products made from recycled materials and expanding the use of renewable sources in production. One of 2023's highlights were expanding our renewable polyethylene capacity branded as "I'm Green." These are produced from sugarcane-based green ethylene and offer the same technical properties as traditional polyethylene but with the advantage of being made 100% from renewable sources. The industrial unit for this product in Rio Grande do Sul reached a capacity of 260,000 t/y.

How would you assess the current state of the petrochemical industry and the main tailwinds and headwinds impacting Braskem's activities?
Between 2020 and 2023, the global markets for polyethylene (PE) and polypropylene (PP) experienced a significant oversupply. Looking ahead, there are still uncertainties around the pace of margin recovery. However, in Brazil we expect demand for major resins to increase by 7% in 2024, which is a strong improvement over 2023's modest 2%, bringing total demand to 5.84 million t/y.

Demand remains high for petrochemical products in packaging, construction and automotive sectors, driving Braskem to pursue sustainable solutions that align with evolving market needs and environmental regulations.

What challenges and opportunities do you see within the Brazilian petrochemical industry?
One key area of opportunity lies in the rising demand for petrochemical products derived from renewable sources, aligning with global sustainability trends. However, there are also challenges, particularly in securing raw materials like naphtha and ethane. Brazil has a limited economic supply, making companies rely on expensive naphtha imports, also subject to international oil price fluctuations. Additionally, the high cost of natural gas affects Brazil's competitiveness.

How has Braskem's business evolved from traditional operations to include bio-based polymers?
Innovation is at the heart of our strategy to become a leader in sustainable development within the chemical and petrochemical sectors. A core element of this approach is developing new technologies, products, and business models that consider the whole value chain.

We have been focusing on circular design with the help of our Design for Environment methodology through Cazoolo, a co-creation hub dedicated to creating more sustainable packaging solutions. Additionally, we launched the Ready Packaging platform to expand its reach, making it easier for end-producers to access eco-friendly packaging. On the other hand, Braskem also conducts Life Cycle Assessments (LCA) and pursues certification to ensure compliance with international standards. For instance, we have the Wenew resins, which, according to an LCA study, showed a 48% reduction in carbon emissions compared to conventional virgin resins.

Another highlight is the Biomass project in Brazil, which replaces fossil fuels with biomass steam and is expected to cut 150,000 t of CO_2 annually and promote socio-economic development by supporting the eucalyptus supply chain. The first phase of the Biomass project began operations in November 2023, resulting in a direct reduction of around 115,000 t of CO_2e for the year.

What is the significance of the partnership with Lummus regarding electrified cracking heaters for decarbonization?
Partnering with Lummus to develop electrified cracking furnaces is a significant step toward sustainability and decarbonizing the petrochemical industry. The technology integrates all commercially demonstrated components and employs an ideal heat flow profile, resulting in an extended lifespan for the radiation coil and improved operational durability. Additionally, decoking can be carried out in unitary cells, eliminating the need for backup furnaces.

This initiative is part of Braskem's broader climate goals, which include reducing greenhouse gas emissions by 15% by 2030 and achieving carbon neutrality by 2050. Decarbonization is critical for ensuring a sustainable future in petrochemicals, and the partnership with Lummus positions Braskem to lead this transformation by promoting a more sustainable business model committed to environmental excellence. ■

Marizeth Pádua de Carvalho

General Manager Latin America South and Head of Global Strategic Marketing for Industrial Coatings
PPG

» Today, nearly all major investments are driven by modernization, productivity and above all, sustainability. «

What is PPG's international and local footprint?
Founded 140 years ago in Pittsburgh, PPG has grown into a global leader in paint products, operating in over 75 countries with around 53,000 employees. Known for its acquisition-driven approach, PPG continuously integrates new technologies and innovations into its portfolio, having generated US$18.2 billion in revenue in 2023.

Brazil represents the powerhouse of South America and serves as PPG's main gateway, with four plants nationwide. The main facility in Sumaré specializes in automotive, packaging, industrial, automotive refinish and protective & marine coatings. A newer plant focuses on non-stick industrial paints. The remaining two plants in the south produce architectural paints under Renner brand, in Gravataí, and adhesives and sealants in São José dos Pinhais.

Could you shed light on PPG's investments in the region?
Today, nearly all major investments are driven by modernization, productivity and above all, sustainability. In this context, PPG has invested US$2.7 million in Brazil to expand its powder coatings plant capacity by 40% to meet future demand. Additionally, we expanded our packaging plant to introduce a new product line featuring non-BPA technology.

Given PPG's focus on sustainability, what recent products have been launched to market?
In 2023, we launched a product called Enviro-Prime EPIC 300, part of our e-coating solutions, that dries at a lower temperature, reducing energy consumption. Our pre-treatment technology, Versabond LT, which treats metal substrates to prepare metals that will receive paint, has also gained relevance due to its low temperature cure, its compact system that uses water more efficiently, generates less sludge, and reduces overall waste disposal while decreasing energy consumption. In industrial coatings we launched different products under powder technology as HTE – High Transfer Efficiency, supporting productivity and sustainability in the process.

Also, Sigmaglide 2390 from our Protective and Marine coatings segment, promotes less carbon emissions due to lower fuel consumption, as it is an anti-friction coating, which increases the efficiency of vessels, in addition to being environmentally friendly, as it does not contain biocides.

Is it challenging to convey the value of new sustainable products?
Companies face the challenge of balancing economic progress with their impact on the environment. We have to be close to suppliers and clients to understand their needs and pain points. Every New Product Innovation (NPI) and development effort at PPG focuses mainly in offering sustainability solutions. We ask ourselves: what does this new product offer, and what benefits does it bring to the customer? However, the actual cost and value of new products are sometimes not always clear at first. Explaining the value of our products can be tricky because it requires a shared understanding, and it is important to look beyond the price and consider the total cost and extra benefits. For example, our powder coating technology helps save energy and reduce waste.

How has COVID-19 helped boost this trend called nearshoring?
COVID-19 brought many lessons, especially highlighting the vulnerabilities in logistics chains and showcasing the importance of local products and local supply chains. Recently, we have seen a dramatic increase in shipping costs from China, with freight prices doubling. Such a trend has pushed companies to seek new local suppliers, and Latin America is emerging as an option, creating opportunities to set up and invest in local production.

In the B2B sector, particularly with nearshoring factories, we are well-positioned due to our central location in São Paulo. Being close to major companies gives us a strategic advantage. For instance, many multinational companies are establishing operations here, and since we already work with some of them globally, we can give a local offer connected with their expectations.

How does the focus on ESG position PPG for future growth?
Growth is a major goal for all companies, and while 2025 may be challenging, we remain optimistic. It is difficult for companies to predict an easy year, but we must continuously adapt and innovate. We have built a strong foundation in ESG and sustainable products, particularly in Brazil, where there is significant potential for green energy and renewable sources. This not only positions us to provide added value to our clients but also leverages the country's opportunities for growth.■

Francisco Fortunato

CEO
OCQ GROUP

What synergies have you noticed since acquiring Elekeiroz over the past year?
Elekeiroz has been a major supplier to OCQ for a long time with diverse products. After the acquisition, we have seen growing synergies, specifically with some green monomers that produce more eco-friendly resins. The acquisition has also opened the door for new plasticizers and coalescents, which are still developing but advancing faster than expected. Elekeiroz originally focused on oleates, which we now use more broadly as we shift towards resins. While oleates were once employed as plasticizers, we have transitioned to developing them as monomers and resins for diverse applications. We have found many synergies within this shift with Oswaldo Cruz Química's resin lines, including acrylics, polyesters, and PVAs.

On the other hand, we have continued investing on Elekeiroz side; we have already started up the DOTP (Dioctyl Terephthalate) plant in Camaçari (BA), as well as investing in Várzea Paulista. For 2024, we are investing US$9 million, aiming to maintain momentum year after year, as continuous investments are crucial for the company's longevity.

How is the market reacting to more sustainable-based chemicals?
To succeed, our products must be competitively priced. While customers are willing to pay a bit more, a substantial price increase would be unacceptable. Fortunately, Brazil's agricultural base has helped us develop products that can compete effectively in the market.

What are some factors damaging Brazil's chemical industry?
The situation remains worrisome, particularly due to the influx of low-priced imports. While regions like Mexico, the US, and Europe have raised import duties on product from China, this has resulted in a flood of cheaper products entering Brazil.

In Brazil, imports are not regulated, creating an uneven playing field. While we have brought this issue to the government's attention, implementing new regulations, even if streamlined, could take at least two years.

Additionally, we have a problem with the high costs of gas. ■

João Parolin

CEO South America
INDOVINYA (INDORAMA VENTURES)

What was the impetus behind restructuring Indorama's IOD division into Indovinya?
Indorama Ventures is structured around three main divisions: PET, fibers and the IOD division, which specializes in surfactants made from ethylene oxide, propylene oxide and linear alkylbenzene (LAB). The IOD division has seen some significant changes over the years with different acquisitions. We moved raw materials like ethylene and glycols, which have strong connections to the PET market, over to the PET division. The remaining specialties, especially the surfactants, now make up a new entity called Indovinya. We plan for Indovinya to go public and get listed in New York in 2025 or 2026, a move designed to boost its valuation, set it apart from traditional commodity businesses, and highlight our specialized and innovative edge.

Indovinya aims to unlock value and secure growth funding while maintaining a solid market presence. It is set to remain a top producer of non-ionic surfactants and ethylene oxide in the Americas and the second-largest globally in terms of ethoxylation.

How is Indovinya's R&D, innovation and technology evolving?
In the last five years, we have launched about 320 new products, focusing on sustainability and product optimization. A key focus has been on biosurfactants. For example, we launched SURFONIC® BIO, a biosurfactant that is already making strides in personal care applications. In our crop solutions, we have developed products specifically designed for regions dealing with water stress. We have launched renewable coalescents in the coatings sector, including ULTRAFILM® 5000.

We are also actively exploring renewable energy options. On top of that, we are leveraging AI to improve our sustainability metrics, reduce steam and water consumption, and improve production cycle efficiency. Our LAB 4.0 project is about digitizing our R&D operations, using generative AI to speed up project execution. ■

Carlos De Lion Neto

Southern Cone President
ARKEMA

As the scale of sustainable products increases, it becomes easier to introduce these materials into both mature markets and developing markets.

What is Arkema's history and presence in the Southern Cone?

Arkema was a spin-off from the French company Total in late 2006. Arkema operates in approximately 55 countries, with over 21,100 employees and reported 2023 revenue of €9.5 billion. As a global manufacturer of specialty materials, Arkema is present in Argentina, Brazil, and Chile in the Southern Cone, with over 600 employees, eight production facilities, seven research and development laboratories, five distribution centers, and three commercial offices. We have a product portfolio that serves clients in various segments, such as civil construction, coatings, paints, oil, gas, plastics industry, packaging, and refrigeration.

In Brazil, for instance, Arkema has been established for a long time and has recently experienced an impressive expansion fueled by global acquisitions that positively impacted local operations. In 2012, Arkema expanded its footprint by acquiring a local acrylic emulsions manufacturer in Araçariguama, São Paulo. This was followed in 2015 by the acquisition of Bostik, which brought two additional factories in São Paulo under our umbrella. In 2019, we strengthened our market position by acquiring ArrMaz, a company specializing in agricultural solutions and infrastructure. Most recently, in 2021, we acquired Brazilian Poliplas, a producer of silicon, acrylic and hybrid sealants.

As of 2023, Arkema Brazil held the seventh position globally in Arkema Group revenue.

In which industrial segments is Arkema present?

We operate across various sectors, with a significant focus on construction, where we supply a range of products, including adhesives, grouts, sealants, waterproofing, acrylic emulsions, dispersants, and acrylic monomers, the latter of which is imported. Adhesives are also used in everyday items, and the rise of e-commerce has notably increased demand for packaging materials such as boxes, tapes, and labels, signaling continued growth in this sector. In addition to our construction activities, we are also actively involved in agriculture, automotive, and energy industries.

Are newer generations demanding more sustainable products?

New generations are pushing for sustainable, innovative, and high-performing products without significantly increasing costs. Companies that stay tuned to these trends are going to be in a better position to offer solutions that meet these expectations. As the scale of sustainable products increases, it becomes easier to introduce these materials into both mature markets like Europe and the US and developing markets, such as Latin America and the Southern Cone.

How is Arkema preparing to support advancements in battery technology and manufacturing?

We offer a suite of products designed for every stage of electric battery production, some based on sustainable materials that improve component adhesion and enhance battery performance. While infrastructure investments are essential to fully support electric vehicles—particularly in Brazil—the shift toward these technologies is inevitable. Currently, Brazil lacks local battery manufacturers for vehicles, though several major companies are exploring investments in this area. Should these projects move forward, Arkema is well-prepared to supply the necessary materials to these emerging producers. Additionally, Brazil benefits from its production of ethanol, a renewable plant-based fuel.

How would you evaluate Arkema's performance in the first half of 2024?

2024 represents a challenging landscape. In Brazil, and especially in Argentina, there were issues with import payments. Fortunately, the situation is improving, with inflation under control and a more optimistic growth outlook for the coming months, especially given our diverse portfolio for different industries that help mitigate market challenges and maintain overall strength. For instance, a slowdown in automotive can be balanced by growth in segments like paints, adhesives, sealants, or agriculture. This diversified approach allows Arkema to navigate both tough and favorable periods, consistently delivering performance that meets shareholder expectations.

Do you perceive opportunities within the disruptions of the logistics value chain?

Logistical bottlenecks, while challenging, can also create significant local opportunities. One of Arkema's major advantages is its presence in 55 countries across nearly every continent. This global footprint allows Arkema to navigate and mitigate logistical disruptions by sourcing from other regions if issues arise in Europe, the US or Asia. For example, Mexico has leveraged its proximity to the US to attract significant investments, demonstrating the benefit of having production facilities close to end customers. Brazil has also made some progress in this area, but there is still considerable potential for further development and investment. ■

Paulo Barbosa

Director Sales Pulp & Paper - South America
KEMIRA

What products does Kemira produce in Uruguay and Brazil?

Latin America is very important to Kemira, especially in the pulp industry, due to its promising growth in bleaching. We operate three plants, one in Uruguay and two in Brazil. The plant in Uruguay produces various agents used in the pulp bleaching process, such as peroxide and sodium chlorate. In Brazil, we have a chlorate plant in Ortigueira and another facility in Telêmaco Borba that manufactures a range of functional process products, mainly for the pulp and paper industry, such as coagulants, sizing agents, and polymers.

Why is Kemira investing in its plants in Uruguay and Brazil?

South America is becoming a hub for pulp production, shifting the market from traditional pulp-producing regions like Northern Europe or North America. Currently, investments are flowing predominantly to Brazil and Uruguay, countries that offer land availability and relative economic stability, essential for long-term investments.

How does Kemira contribute to circularity?

Modern pulp mills are energy sufficient. They generate more biomass than needed, producing surplus energy that is fed back into the grid, further boosting their sustainability profile. Setting up a chlorate plant for these mills often uses energy from the pulp production process, keeping it entirely clean. The process involves breaking down salt to create chlorate and hydrogen. This hydrogen, considered green energy, can be used as fuel or for making other products like peroxide. Together, these elements form a highly sustainable system.

What should we expect from Kemira?

We generate approximately €220 million euros from renewable products, but we aim to double this by 2030. We are also committed to inclusion and want to be among the top ten companies recognized for diversity. Marketwise, we plan to capitalize on the growth in the cellulose sector. ■

LK

AS

Leandro Kruger and Ana Salmeron

LK: Regional Director – Brazil
AS: Brazil O&G and Chemical Sales Manager
ROCKWELL AUTOMATION

Is there a significant difference between Rockwell's approach to the chemical industry and other sectors?

LK: The chemical industry deals with continuous processes that cannot stop and involve long chemical reaction times, making its requirements quite different from those of other industries. The chemical industry, particularly in the post-pandemic era, also seeks to improve resilience throughout its supply chain. Today, technology is critical in improving operational continuity and ensuring a more secure operational environment.

How do you assess Brazil's chemical industry's adoption of new technology?

AS: Brazil's chemical industry is shaped by its historical legacy and installed base, meaning many plants rely on older technology. To adopt new technology, they must modernize existing infrastructure, which requires financial resources. On the other hand, companies need a cultural shift and overcome challenges in finding personnel skilled in digital methods rather than traditional approaches.

LK: There is a gap in productivity and innovation compared to companies in developed countries, which are embracing new technologies faster. Harnessing technology to collect data and apply machine learning and analytics opens up a world of insights. Even minor improvements in continuous operations can lead to substantial gains over time.

Which market do you think will require more technology?

AS: In Brazil, there's been a notable push in the ethanol market, particularly corn-based ethanol. Traditionally dominated by sugarcane, the industry is witnessing a significant shift as several technology companies work to expand the corn ethanol sector.

How relevant is cybersecurity in today's chemical industry?

LK: The industry must prioritize cybersecurity because cyberattacks cannot be easily switched off. Modern threats include financial extortion, industrial espionage, data ransom, and terrorism. Attacking a chemical industry can have severe societal impacts, ranging from explosions that endanger lives to environmental accidents or altered products that harm people. ■

Herminio Muchon

Latam Sales Manager
HUNTSMAN

Could you provide us with an update on Huntsman in Brazil?
Today, we operate in the country through two main divisions. The Performance Products division, which manufactures specialty amines, maleic anhydride and carbonates, and that imports 90%, with a small portion distributed from a local stock in Taboão da Serra. The other, is the Advanced Materials division that focuses on the production of epoxy systems.

What can you tell us about the opportunities Latin America has to offer?
In the past six months, we have faced strong competition in Brazil, especially from Asian products, which has limited the growth of our customers. To counter this, we have introduced new molecules and innovative products. A concrete example is low-emission polyurethane catalysts. This technology is gaining interest in the market, especially in the foam sector. We offer products that act as aldehyde sequestrants, designed to capture molecules from things like the "new car smell", which is actually a chemical reaction.
In contrast, Mexico is experiencing a very positive moment due to nearshoring, with increased investment and export, particularly to the US.

Do you think low-emission catalysts can help differentiate from Asian competitors?
Definitely. Asian competition tends to focus more on common, mass-produced products. In contrast, our new technologies, such as low-emission catalysts, represent a significant innovation. We are investing in expanding our production capacity in Europe to meet the growing global demand, which allows us to offer more advanced and differentiated solutions in the market.

What are Huntsman's future goals in Latin America?
Huntsman is focusing its resources on key markets such as Colombia, Brazil and Mexico to establish strong partnerships with distributors and increase our presence in these regions. We are committed to growth in Latin America through new technologies and expanding our production capacity to meet rising demand. Our goal is to stay ahead and dynamically adapt to market opportunities. ■

Mauricio Adade

President – Latin America
DSM-FIRMENICH

What does the merged dsm-firmenich look like?
The synergies between DSM and Firmenich have significantly impacted all Latin American markets, such as in Brazil and Mexico. Both countries have seen strong integration, particularly in products that combine flavor and better nutrition. In Mexico, for instance, we launched a powdered energy drink with a unique flavor, further showcasing the positive synergies of the merger.

dsm-firmenich has four business units dedicated to animal nutrition & health, perfumery & beauty, taste, texture & health, and health, nutrition and care.

What role does innovation play in dsm-firmenich overall strategy?
We have several research centers distributed across the globe. In Brazil, we operate an R&D center for flavors and fragrances near São Paulo, an experimental farm in Mato Grosso focused on dairy and beef cattle nutrition, and a laboratory in Campinas for ingredient application.

One of our most recent innovations is Bovaer, which was first approved in Brazil. This sustainability-focused product is added in small amounts to cattle feed to reduce methane emissions by at least 30%. Since methane accounts for half of Brazil's greenhouse gas emissions, Bovaer plays a crucial role in helping the country meet its environmental goals.

How would you define dsm-firmenich's priorities for the next months?
By October 2024, dsm-firmenich will inaugurate a new plant in the state of Minas Gerais to produce animal nutrition ingredients for beef and dairy cattle, with an investment ranging from R$30 to R$50 million. dsm-firmenich also acquired Prodap, a company specialized in automation and technology for farm management. With Prodap's technology, FarmTell, we can pursue professional and efficient farm management, regardless of the farm's size, making operations more effective and transparent while providing insights on improving animal nutrition. ■

Daniela Manique

CEO of Latam & President Global Business Coatis
SOLVAY (RHODIA)

What are some challenges the Brazilian chemical industry faces?
Brazil benefits from a green energy mix, but this comes with a higher cost due to additional electricity taxes. As global demand for low-carbon products and carbon taxation becomes more prevalent, Brazil will be well-positioned and ahead of its competitors. To capitalize on this, the government and all key stakeholders must understand the developments we have made in sustainable solutions compared to international competitors are a real asset if the right policies are enacted.

Another pressing issue is the high cost of natural gas in Brazil, which is currently the highest in the world. In five years, Brazil is expected to have a significant surplus of natural gas, potentially reducing costs and supporting substantial growth in the chemical sector.

Brazil also grapples with tax issues, such as disparities between imported and locally produced goods. Imported products sometimes benefit from federation states tax exemptions, unavailable to local producers, exacerbating the so-called "tax war". We hope that the ongoing tax reform will address these issues.

How has Solvay's spin-off positively impacted Latin America and Coatis' investment strategy?
Solvay recently spun off its essential chemical and materials & specialties businesses into EssentialCo and SpecialtyCo. As such, Solvay now focuses on essential chemical products, including solvents, phenol and polyamide chain, soda ash, hydrogen peroxides and silica products.

Can you speak of Solvay's bio-based portfolio?
We have been developing our portfolio of bio-based products, heavily focusing on 100% green ethyl acetate and renewable raw materials for polyamides in the textile segment. Our goal is to bring these new products to the market quickly.

We have also secured new certifications for our green-carbon neutral solvent, Augeo, derived from renewable sources and meets nearly every consumer demand in the home and personal care segment. ■

Pedro Prádanos Zarzosa

CEO
VEOLIA BRASIL

What is Veolia's footprint in Brazil?
In Brazil, Veolia operates through two divisions: Veolia WaterTech, which focuses on water technologies and Veolia Brasil, which handles services. The former manages seven environmental technology parks—including landfills, recycling, sorting, and composting facilities, operates autoclaves and incinerators for hazardous waste and generates green electricity coming from the biogas recovery. These parks are more than just waste facilities; they are centers of environmental recovery and value creation, processing around 3 million t/y of waste, preserving biodiversity and working on new biogas projects to produce biomethane and generate electricity.

Veolia Colombia set a precedent in Latin America by launching Plastiloop. What similar efforts are underway in Brazil?
Recently, we developed a partnership for a significant project at an environmental technology park in southern Santa Catarina, where we are installing the most advanced Waste Sorting Machine in landfills in Brazil. The facility will employ optical and magnetic sensors to classify materials like polyethylene, polypropylene, and PET. We will contribute our expertise in waste management, oversee the construction, and operate the facility.

What are some challenges associated with chemical and mechanical recycling in Brazil?
The key factors for success include securing a steady feedstock supply at stable prices and ensuring committed buyers for recycled materials. Veolia manages over 3 million t/y of urban waste in Brazil, so we have the volume. However, aligning with stakeholders in the chemical, food, beverage, and cosmetics sectors is essential to stabilizing both these projects' input and output.

What are Veolia's goals for Brazil in the next few years?
Veolia employs over 3,000 people in Brazil and recently launched a strategic plan called "GreenUp". The plan aims to double the company's size by 2027 by improving both industrial and municipal solutions. ■

Renato Guimarães

Vice President and President
FMC Latin America

What makes Latin America and Brazil such a crucial market for FMC's global operations?
FMC is one of the top five crop protection-focused companies with over 130 years of history, specializing in chemical, biological, and precision agriculture solutions. Our portfolio of solutions focuses on insecticides, fungicides, herbicides, and, pioneering in Brazil, biological products. I would define our identity as research-driven, as we reinvest 6% of our revenue back into R&D across nine research and development centers worldwide, including one in Paulínia, Brazil. Additionally, we have a division called FMC Venture, which is always seeking new partnerships. For example, Novozymes works on biological solutions based on enzymes to control insects and fungi. We have other partnerships that are exploring peptides and RNA-based solutions.

Latin America is the region that contributes more to FMC's revenue, accounting for one-third of our business. Brazil is the powerhouse within this region, representing 75% of Latin America's market.

What factors contribute to the faster growth of biological products?
The biological products market represents 15% to 20% of the total crop protection sector. Still, they are experiencing much faster growth than their chemical counterparts for several reasons, especially in Brazil, which has seen an annual increase of over 20%. Firstly, the industry's maturity has led to improved products: While there were concerns about the efficacy of biological products in the past, the market is now better established, and the products have become more reliable. Now, rather than viewing biologicals as replacements for chemicals, they are increasingly seen as complementary technologies, an approach that helps farmers manage pest and disease resistance more effectively and extends the longevity of chemical products.

The other main factor is that achieving economies of scale in biological products reduces costs, making them more financially viable for producers. ■

Ivan Fortunato

Latam Commercial Director and
Head of Business Excellence
YARA INTERNATIONAL

Could you highlight Yara's most recent progress in sustainability in Brazil?
In Brazil, we have partnered with Japanese Ajinomoto to supply 600 t of renewable ammonia produced using biomethane, which will be used in their factory in Limeira, São Paulo. Beyond biomethane, we are investing in energy efficiency and nitrous oxide abatement in Cubatão, expecting to cut emissions by up to 60% by 2030. We have already reduced our carbon footprint by almost half across our nitrate-based fertilizer portfolio, with global operations cutting emissions by nearly 45% between 2005 and 2019.

We have embarked on this journey to decarbonize the food chain by diversifying our energy matrix, and biomethane is leading the way. For instance, we signed a contract with Raizen, a Brazilian company active in sectors like sugar and ethanol production, renewable energy, and fuel distribution. Through this partnership, we will acquire 20,000 m3 of biomethane daily for our plant in Cubatão, enabling us to kickstart renewable ammonia production by Q4 2024. It is also worth noting that this renewable ammonia can serve as a low-carbon fuel for the maritime transport industry. Yara has a dedicated division, Yara Clean Ammonia, which is actively contributing to the development of shipping fuel, power production and ammonia as a carrier of hydrogen supporting this transition.

What is the Brazilian government doing to improve the country's chemical industry?
The federal government's Nova Indústria Brasil Program aims to revitalize the chemical industry over the next decade through public policies, including subsidies, low-interest loans, and increased federal investment. Backed by BNDES, the industry is set to receive R$300 billion in resources by 2026, positioning Brazil as a key player in the global market.

Brazil is rich in renewable resources and already has a relatively green chemical industry. With the proper regulations and a well-structured gas market, these strengths can be exploited to advance the country's industrial landscape. ■

Argentina

MORE INVESTMENT NEEDED TO REALIZE THE COUNTRY'S POTENTIAL

If doing business in Latin America feels like a marathon, then in Argentina, it is more like a rollercoaster. Perhaps one of the main differences between a rollercoaster and Argentina's economy is that, with the former, your body anticipates an inevitable drop following the climb. In Argentina, however, you never know if the wagon will continue climbing or how steep and fast the drop will be.

Adding the peso-US dollar dynamic to the equation makes the ride even more intense. The US dollar is not just a foreign currency for Argentinians, it appears in various forms of exchange rates (at least six, each with its own role and significance). Javier Milei, who has been Argentina's president since December 10, 2023, made dollarization a major part of his electoral campaign, claiming it would be an "easy solution" to end Argentina's inflation problem.

Indeed, Argentina has been grappling with soaring inflation for the past few years. In 2020, the annual inflation rate stood at 50.93%. From 2021 to 2022, it surged to 94.79%, only to skyrocket further to 211.41% in 2023, marking the highest level in 32 years. As Javier Sato, CEO of Petroquímica Cuyo (Petrocuyo), put it, this long-standing issue has earned Argentina the title of the "world champion in inflation rates." Sato added: "This battle has led to a contraction in the local market, but we remain hopeful for an economic rebound. One of Argentina's main challenges is that it is one of the few countries that taxes exports simply because they generate wealth. If the government lifts these restrictions and focuses on making some investments viable, among others on energy developments like Vaca Muerta, it could significantly boost our economy."

According to a recent survey conducted by Argentina's Chamber of Exporters, the primary local regulatory factors most detrimental to export activity are difficulties in making payments abroad, lack of tax recovery, multiple exchange rates, foreign exchange settlement obligations, and restrictions on freight payments.

Federico Alonso-Hidalgo, general manager at Gleba, discussed the role of the agro-industry in Argentina. Like many others, he hopes that the agro-industry will continue to grow under the new government model while sectors such as energy and mining also gain momentum. He emphasized that diversification is crucial for reducing Argentina's dependency on agro-industrial exports, which are also subject to taxes: "The agricultural sector currently faces high tax rates due to export tariffs, and we hope Milei's administration will revert this. The biggest expectation lies in this virtuous cycle: lower taxes attract more investments, increasing productivity, exports, and foreign currency reserves—a crucial driver for sustained economic growth and stability."

Just like Alonso-Hidalgo explained, Argentina needs US dollars. "Over the past four years, Argentina's populist government has implemented policies to protect national industries, leading to severe import restrictions and a depletion of the central bank's foreign currency reserves. This made importing goods nearly impossible and deterred suppliers," commented Adrián Schwartz, president of the plastic distributor Grupo Simpa.

President Milei has been focused on increasing reserves in the year's first half, having accumulated around US$12 billion. However, in July 2023, Argentina's gross reserves decreased from US$30 billion to US$27.4 billion.

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Image courtesy of Alex Rivas at Pexels

ARGENTINA AT A GLANCE
Source: IMF, data for 2024

CAPITAL
Buenos Aires

HEAD OF STATE
Javier Milei

GDP
US$ 604 billion

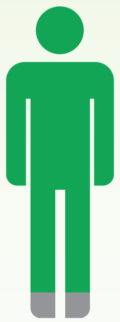
GDP GROWTH
-2.8%

TOTAL INVESTMENT (% OF GDP)
11.5%

GROSS NATIONAL SAVINGS (% OF GDP)
17%

CURRENT ACCOUNT BALANCE (% OF GDP)
0.9%

DEMOGRAPHIC DATA
Source: IMF, data for 2023



POPULATION
47.16 MILLION

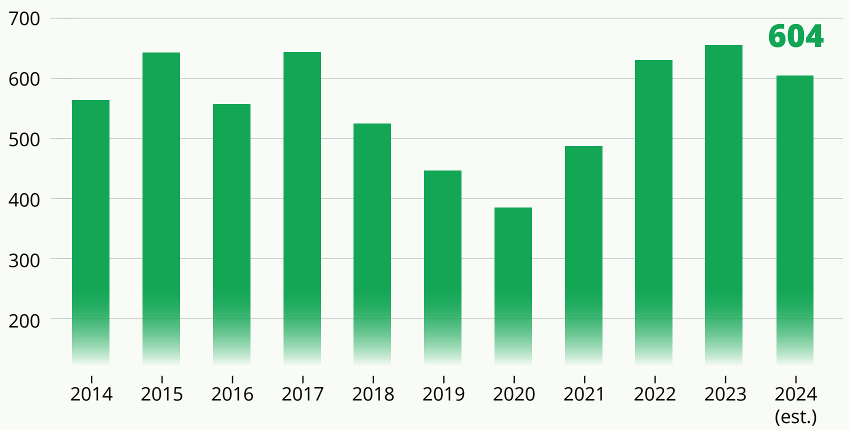
UNEMPLOYMENT RATE
8%

GDP PER CAPITA
US$12,810

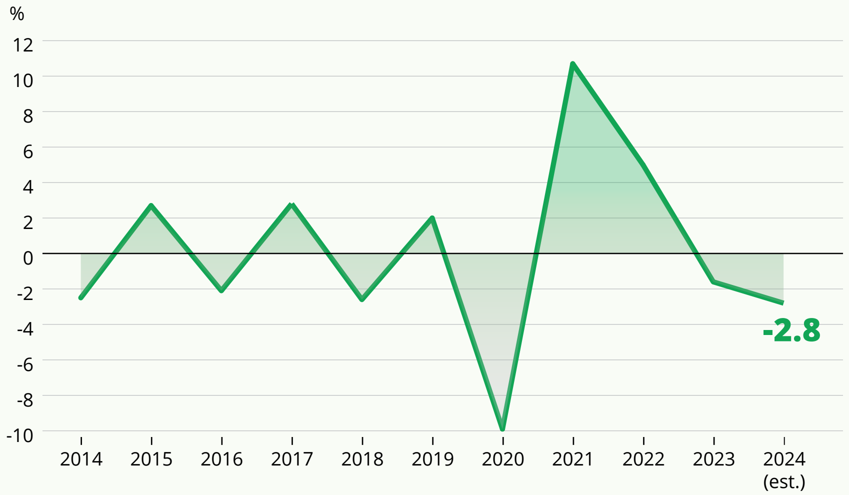
GDP PER CAPITA (PPP)
US$26,390

INFLATION RATE
249.8%

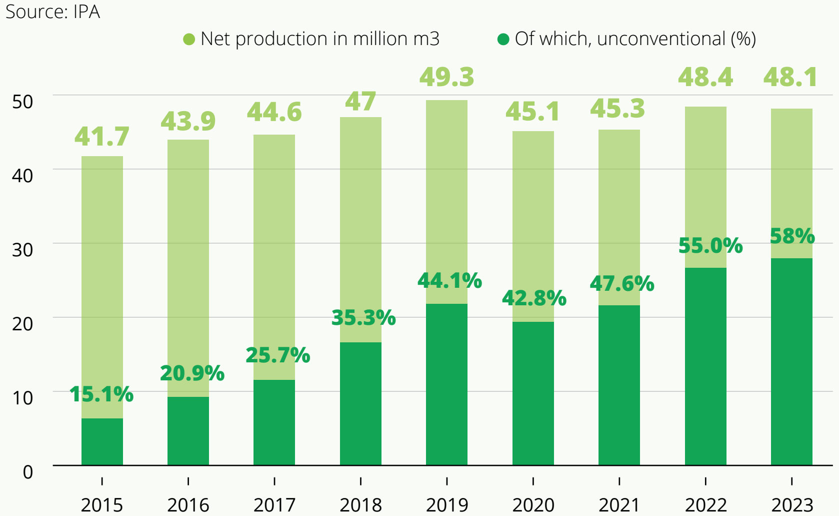
GDP EVOLUTION
Source: IMF 2024



GDP GROWTH
Source: IMF 2024

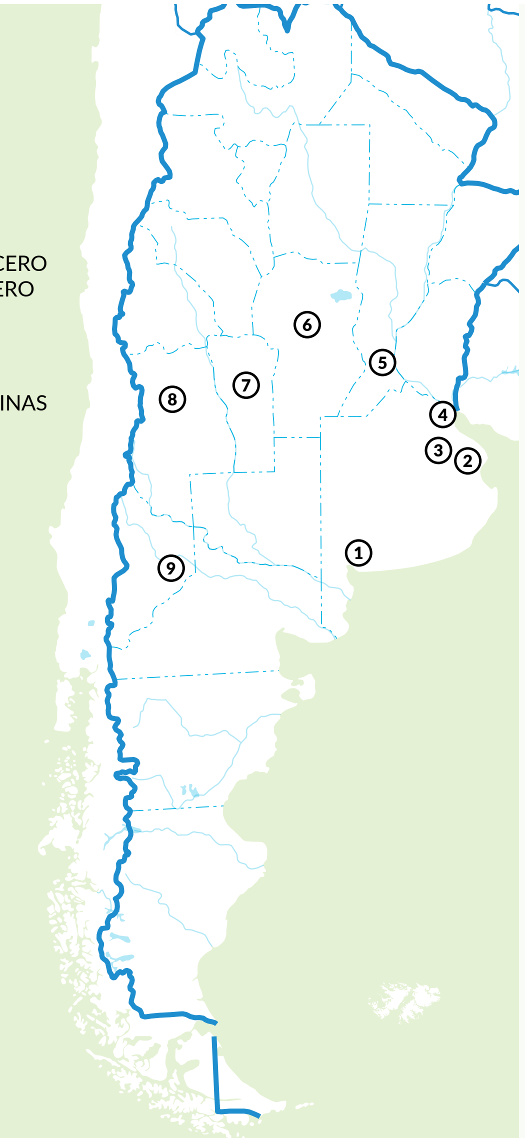


NATURAL GAS PRODUCTION
Source: IPA

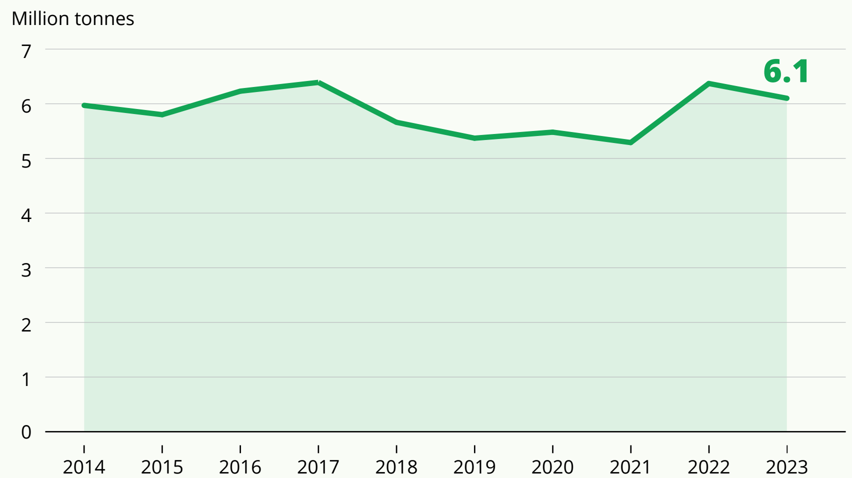


MAIN PETROCHEMICAL POLES
Source: IPA

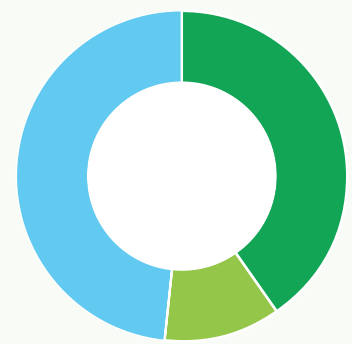
1. **Bahía Blanca Area**
   - PBBPOLISUR (DOW)
   - PROFERTIL
   - UNIPAR INDUPA
2. **Ensenada Area**
   - PETROCUYO
   - YPF
3. **Gran Buenos Aires Area**
   - PETROQUÍMICA ARGENTINA (San Miguel del Monte)
4. **Campana - San Nicolás Area**
   - ALPEK POLYESTER
   - BUNGE
   - CABOT
   - PAMPA ENERGÍA
5. **San Lorenzo - San Martín Port - General Lagos Area**
   - ARAUCO ARGENTINA CHEMICAL DIVISION
   - EVONIK METILATOS
   - NOURYON CHEMICALS
   - PAMPA ENERGÍA
   - PBBPOLISUR (DOW)
   - STYROPEK
   - VARTECO QUÍMICA PUNTANA
6. **Rio Tercero Area**
   - ATANOR
   - FÁBRICA MILITAR RIO TERCERO
   - PETROQUÍMICA RÍO TERCERO
7. **San Luis Area**
   - FRÍO INDUSTRIAS ARGENTINAS
   - RESIGUM SAN LUIS
8. **Luján de Cuyo Area**
   - PETROCUYO
   - YPF
9. **Plaza Huincul Area**
   - YPF



EVOLUTON OF PETROCHEMICAL PRODUCTION VOLUMES
Source: IMF 2024



PETROCHEMICAL PRODUCTION
Source: IPA 2023



	million tonnes	%
Basic	**2.45**	40.3
Intermediate	**0.70**	11.5
Final	**2.94**	48.2
TOTAL	**6.09**	

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Ariel Stolar, commercial manager for petrochemicals at Pampa Energía, noted that the country is currently facing a significant recession, which has particularly affected Pampa Energía's styrene segment: "Construction, a major demand driver, is currently at a standstill due to consumers' limited purchasing power for new apartments or homes. We hope the economic situation will improve positively by the end of the year," he said.

The lack of US dollar reserves prevents companies and people in general from accessing foreign currency, affecting the whole industry: "The challenge for us was securing production. With limited access to dollars, importing was difficult, mainly during 2022 and 2023, and many of our products rely on imported supplies and raw materials. Consequently, one of our team's main tasks was to source raw materials to ensure production and supply for the local and regional markets," commented Stolar.

Jorge de Zavaleta, executive director of the Argentina Chamber of the Chemical and Petrochemical Industry (CIQYP), noted that since our last publication in 2023, Argentina's socio-economic and political landscape—marked by Milei's election and the economic policies—has made it challenging to acquire raw materials, software, and spare parts, despite robust demand. However, he emphasized that the chemical and petrochemical sector has performed well given the circumstances: "Nevertheless, the sector managed to export US$4.5 billion while importing US$10.7 billion, resulting in a deficit of US$6.2 billion," adding: "In the first half of 2024, the domestic chemical and petrochemical sectors saw reduced volumes in the local market, partly offset by exports. The domestic market is somewhat subdued, awaiting macroeconomic stabilization to kickstart a phase of increased demand for inputs."

El RIGI

Although dollarization has not yet taken place, Milei has implemented other measures, described by some as "shock therapy": he devalued the peso by 50%, cut subsidies, and reduced the number of ministries, among others. One of the most significant developments is the approval of the 'Omnibus Bill.' Formally titled the 'Law of Bases and Starting Points for the Freedom of Argentinians,' Milei's government had to work on a new version after his initial attempt to pass the bill with 664 articles fell through in February 2024. This led Milei to come up with a new and more concise version with 232 articles, which was successfully passed in June 2024.

Despite provoking criticism and controversy from various sectors of Argentinian society, the new law introduces significant changes to Argentina's governance and economic policies. For example, it grants the President extraordinary powers for a year under specific conditions and includes reforms such as the modernization of labor regulations. This article will focus on two key points: the privatization of several companies and the implementation of the Large Investment Incentive Regime (RIGI, in Spanish), as they involve the crown jewel of Argentina's chemical and petrochemical industries: YPF.

YPF, which was nearly entirely privatized for 13 years following a decree by Menem, became majority state-owned in

» The agro-industry in Argentina is one of the main economic drivers, if not the foremost. In 2023, drought severely impacted the industry, affecting the country's macroeconomy. The only positive aspect of this catastrophe was the increased awareness of the importance of agriculture to Argentina.

Federico Alonso-Hidalgo,
General Manager, **Gleba** «

2012, when Cristina Fernández's government passed a law declaring 51% of its assets of public utility and subject to expropriation. Milei attempted to reverse this with his initial Omnibus bill, which also included other companies like Aerolineas Argentinas (Argentina's flag carrier). However, this idea never materialized, as YPF and other companies were ultimately excluded from the list of those slated for privatization in the 'Omnibus Bill 2.0'.

The RIGI can be described as a scheme offering tax, customs, and currency flexibility to attract investments. It is supposed to provide fiscal stability for 30 years to companies investing over US$200 million. Although each province must choose whether to participate in the RIGI, the goal is to develop strategic sectors, including forestry, tourism, infrastructure, mining, technology, steel, and energy.

Shortly after the approval of the RIGI, YPF president Horacio Marín announced that the first project to be developed under this scheme would be an oil pipeline called Vaca Muerta Sur, with a total investment of US$2.5 billion. The project is the second phase of a gas pipeline connecting the Vaca Muerta shale gas formation to the Punta Colorada port in Río Negro province, one of the first provinces to adopt the RIGI, and also set to host YPF liquified natural gas (LNG) plant with an estimated US$30 billion investment.

If you have been following GBR's reports over the past couple of years, you are likely familiar with how every interview with Argentinian executives revolves around Vaca Muerta and its key role as a feedstock source for Argentina and the broader region. As de Zavaleta from the CIQYP noted, Vaca Muerta is often described as Argentina's "mini-Texas," with over 300 trillion cubic feet (tcf) of natural gas reserves. Given Argentina's annual consumption of 1.5 tcf, these reserves could potentially sustain the country for more than 200 years. However, it needs infrastructure to be developed: "Vaca Muerta's unconventional natural gas presents an even more complex evacuation challenge. It contains methane (typically natural gas) and natural gas liquids (ethane, propane, butane, and natural gasoline), each with distinct markets and prices. This diverse gas basket offers a more attractive return, but handling it with this diversity poses a midstream challenge."

Gabriel Rodríguez Garrido, executive director of the Argentine Petrochemical Institute, added: "In this value chain, petrochemicals represent the final link; however,

they offer substantial value addition. For instance, converting methane into urea doubles or triples the value of gas. Similarly, exporting ethane as a polymer like PP or PE increased its value six times compared to exporting it as raw ethane."

YPF has been making significant progress in exploiting Vaca Muerta. Florencia Rodríguez, executive business manager at YPF, shared with GBR that the company has been ramping up crude oil production and significantly increased Vaca Muerta's output in 2023 compared to 2022: "Over the last five years, shale oil production has grown 4.3 times, and shale gas production has quadrupled. In this context, YPF Química is positioned as a key player in this growth strategy, exploring opportunities to leverage gas as part of the overall expansion plan."

The YPF 's liquified gas plant (which is still to see if it is going to be a JV with Petronas) project is a key component of YPF's ambitious 4x4 plan, which aims to quadruple the company's production and value over four years. According to Rodríguez: "The monetization of Vaca Muerta's crude oil and natural gas are its cornerstones."

To capitalize on the unconventional shale crude from this Neuquén formation, Rodríguez noted that YPF has heavily invested in adapting its refineries. These upgrades have enabled the company to boost production of aromatics like toluene and xylene for the domestic and international market: "In 2023 alone, YPF invested US$5.7 billion," she concluded.

If Vaca Muerta represents Argentina's future in terms of energy sovereignty and the answer to securing US dollars, then the RIGI —or any similar economic mechanism, was essential. While current and future investments are crucial, it is also important to consider the fate of investments made in previous years, something raised by

» The political landscape has shifted with the election of a 'political outsider', Javier Milei, advocating for radical economic transformation. The situation remains complex, with a need for patience as the country navigates these changes.

Adrián Schwartz,
President, **Grupo Simpa** «

Adrián Schwartz, president of Grupo Simpa during his interview: "This policy places companies that made similar investments five or six years ago at a competitive disadvantage as they are excluded from these new benefits. While this approach aims to attract fresh investment and develop substantial reserves like the Vaca Muerta shale formation, it creates an unfair playing field for earlier investors."

Although that part remains uncertain—particularly regarding whether the government will offer specific incentives—I would like to conclude this article with the words of Javier Sato from Petrocuyo, which, I think, depict what most of the current Argentina petrochemical and chemical industry feels: "I am very optimistic about our future and believe this change was necessary. Argentina went from being the world's breadbasket at the beginning of the 20th century to having a poverty rate of nearly 50% today. I hope we can reclaim some of the glory from 80 years ago and stop the exodus of our young people seeking better prospects abroad." ■

Image courtesy of Vinicius Dattwyler at Pexels

Gabriel Rodríguez Garrido

Executive Director
ARGENTINE PETROCHEMICAL INSTITUTE (IPA)

What are the main areas in which IPA is working to improve the future of the Argentinian petrochemical industry?
One key element is our annual statistical yearbook, which gathers information for those companies willing to invest, academic researchers, and policymakers, ensuring they are up to date with the latest developments in the Argentinian petrochemical industry.
The second key element is education. At IPA, we partnered with two institutions: Universidad Austral, offering a diploma in the petrochemical business, now in its fifth consecutive year; and with Plapiqui, a research institute between CONICET and UNS, to provide technical programs. Every year, more companies join these asynchronous and digitalized courses, which enhance their technical and executive skills.
The third element is outreach. We organize annual conferences, and our latest one was held on June 4, 2024, during Argenplans. It attracted over 300 attendees and focused on the theme "Argentinian Petrochemicals Facing a New Opportunity: The Path to Sustainable Development".

What steps must Argentina take to seize the opportunity in the oil and gas sector?
Preparing the industry to seize the opportunity is crucial. Just as the US experienced stages during the shale boom, Argentina must follow similar steps. Naturally, oil and gas come first due to production needs, exports, and foreign currency generation. Gas requires more infrastructure, such as pipelines, liquefaction, and export facilities, which progress more slowly and demand significant investments.

In this value chain, petrochemicals represent the final link; however, they offer substantial value addition. For instance, converting methane into urea doubles or triples the value of gas. Similarly, exporting ethane as a polymer —PP or PE— increases its value six times compared to exporting it as raw ethane. The heart of the matter is that the industry must first establish the necessary groundwork to achieve this. ■

Jorge de Zavaleta

Executive Director
ARGENTINE CHAMBER OF THE CHEMICAL AND PETROCHEMICAL INDUSTRY (CIQYP)

How did Argentina's chemical and petrochemical industry perform in the last months?
In 2023, the Argentinian economic landscape was marked by national elections and stringent economic policies due to a shortage of US dollars, which led to restrictions and increased regulations on imports of goods, services, and materials. Acquiring raw materials, software, and spare parts was challenging despite a robust domestic demand. Nevertheless, the sector managed to export US$4.5 billion while importing US$10.7 billion, resulting in a deficit of US$6.2 billion, shared in economies worldwide. With over 45 million inhabitants, Argentina has a significant market within Latin America, driving substantial demand for chemicals and petrochemicals. The US$4.5 billion exports represent approximately 18-20% of Argentina's industrial exports (excluding agricultural and mining). Key products include plastics, resins, performance, and refinery chemicals.

Under Milei's new government, an ambitious macroeconomic stabilization project is underway. In the first half of 2024, the domestic chemical and petrochemical sectors saw reduced volumes in the local market, partly offset by exports. The domestic market is somewhat subdued, awaiting macroeconomic stabilization to kickstart a phase of increased demand for inputs.

How is Argentina's petrochemical and chemical industry embracing sustainability?
In Argentina, there is a strong emphasis on developing energy efficiency measures. Additionally, the southern regions hold potential for economic energy generation, where turbines operate more efficiently than in Europe (50% uptime vs 30%). This has enabled various sectors to shift towards renewable energy.

What are your expectations for the industry in the coming years?
In 2024's second half, we anticipate an improvement in demand, with companies ramping up exports. The future looks promising, with developments in unconventional gas and mining. We expect positive news in chemical and petrochemical investments between 2025 and 2030, driven by domestic demand and a sustainable supply of natural gas and liquid gas. ■

Marcos Sabelli

CEO
PROFERTIL

» Few countries have the availability of raw materials to produce granulated urea and, additionally, a large market where it is consumed. Argentina is one of them. «

How can Latin America reposition itself as a global leader in the agro-export market?
In the last 20 years, Latin America's role in providing food for the world has been crucial. Trade in agricultural commodities, particularly from Mercosur, has grown steadily. According to the latest future outlook from FAO (Food and Agriculture Organization of the United Nations), the Latin America and Caribbean region is the world's leading net food exporter. Our region has surpassed North America in recent years, exporting over US$80 billion/y. By the end of this decade, it's expected to be exporting around US$100 billion/y.

What regulatory measures or incentives do you consider necessary to boost agro-exports from Argentina?
The competitiveness of the agro-industry should be a state policy, as the sector currently represents two-thirds of legitimate foreign currency generation through exports. In this framework, we hope that the implementation of the RIGI, along with efforts to achieve macroeconomic stability in the country, will attract new investments, not only in the agricultural sector but also in the country's energy development.

How does Profertil view Argentina's role as an agro-industrial power in the coming years?
Argentina's role in the global agro-industry is historically significant. Regarding fertilizers, in recent years, the country has consumed approximately 4 to 5 million t/y (peaking in 2021 with 5.5 million t/y), with more than half being nitrogen-based, with urea as the main fertilizer used (wheat and corn consume 80% of the nitrogen). Of this consumption, approximately half is produced at Profertil, the only granulated urea plant in the country. Therefore, the urea that Argentina needs, beyond what Profertil produces, must be imported. For these reasons, we are working on a project to double the urea production capacity at our plant in Ingeniero White, Bahía Blanca. The +UREA expansion project would increase production by over 1.5 million t/y, resulting in a total production of around 2.8 million t/y.

The drivers of this expansion project are threefold: the need of the local and regional market, with Brazil being one of the world's leading urea importers (competing with India); the availability of raw material, specifically natural gas from Vaca Muerta; and lastly that it is a "Brownfield" project, meaning we can leverage many synergies from the existing plant. Few countries in the world have the availability of raw materials to produce granulated urea and additionally a large market where it is consumed, and Argentina is one of them. The better the country's availability of locally produced urea, the more strategic and competitive advantage it will have for the development of its agriculture.

What are some of the innovations Profertil is adopting to improve the efficiency and sustainability of its products?
Last year we signed an agreement with YPF Luz for 100% of the electricity consumed by our plant to come from renewable sources (wind), which gives us zero scope two emissions. Additionally, we have developed, together with BASF, eNe Total Plus, which is a urea coated with an inhibitor that significantly reduces nitrogen volatilization into the atmosphere. Studies indicate this product can reduce greenhouse gas emissions by between 10% and 20%.

In 2015 we launched the Capacity Expansion and Energy Savings project. This allowed the plant to increase production capacity (by approximately 11%) while reducing our unit consumption of gas and water. Lastly is the ongoing advice we provide to distributors and producers through training, workshops, technical bulletins, and visits. We have a training program to promote Responsible Nutrient Management (4R) and raise awareness about all aspects related to soil resource conservation.

What do you consider to be the keys to success in the agricultural sector looking to the future?
The challenge is to feed nearly 10 billion people in just 25 years (2 billion more people than today). We must be able to produce more food in the same space while ensuring that piece of land can continue producing forever. Argentina's abundance of resources, both in energy and in its soils, will allow it to be a food source for the world. This is achieved through innovation and technology, with highly trained people who are above all committed, and with a constant attitude of environmental care. In this role, Profertil is key because it transforms energy into food. ■

Florencia Rodríguez

Executive Business Manager
YPF QUÍMICA

> ***The 4x4 Plan is an ambitious strategy to quadruple YPF's production and value in four years.***

Can you summarize the key milestones achieved by YPF in the last few months, and what is your outlook for the rest of 2024?

In 2023, we hit several key milestones, starting with meeting our sales volume and margin targets, especially in the aromatics segment, where we saw healthy growth. However, the methanol market was a bit challenging due to a drop in export demand and a decline in the local market. Another significant achievement was the investment in adapting our refineries to process unconventional shale crude from Vaca Muerta, allowing us to increase the production of aromatics like toluene and xylene. For this, YPF has been investing in the last few years and, in 2023 alone, invested US$5.7 billion, focusing on the development of the unconventional resources of Vaca Muerta.

We are also expanding our new line of chemicals for the Oil & Gas sector, offering more innovative and in-house technology through Y-Tec. In 2023, we began commercializing these new products internally and with third parties, and we are currently scaling our resources to support this growth.

Looking ahead to H2 2024, we are facing a tough market environment with local demand down over 20%. While regional exports of methanol are picking up, local demand remains weak. In this context, our short-term focus is on opening new regional markets to stay competitive.

Can you shed some light on the 4x4 Plan, the US$30 billion LNG project, and the role of Vaca Muerta?

The 4x4 Plan is an ambitious strategy to quadruple YPF's production and value in four years. Additionally, we must maintain the company's financial health and efficiency, even if it means divesting from profitable businesses and building the necessary infrastructure for transporting oil and gas.

Over the last five years, shale oil production from Vaca Muerta has grown 4.3 times, and shale gas production has quadrupled. On the other hand, the LNG project is advancing, with Río Negro chosen as the location for a joint LNG venture. The investment of approximately US$55 billion aims to monetize gas and its associated liquids. In this context, YPF Química is positioned as a key player in this growth strategy, exploring opportunities to leverage gas as part of the overall expansion plan.

How do innovation and technology go hand in hand?

In 2023, we launched YPF's first open innovation lab, which focused on tapping into entrepreneurial niches within the chemical sector that we had not explored previously. Six of 30 projects were selected for a final presentation to a panel that included YPF Executives, Y-Tec, CIQyP, and IPA. We selected three projects and have begun collaborating with them to develop new bio-based products.

In 2023, YPF Química competed for the National Quality Award, earning two special mentions —one for process management and another for social responsibility management. Both recognitions highlight our commitment to excellence in operational practices and corporate responsibility, reinforcing our dedication to sustainability and innovation in the industry.

This 2024, we are publishing our third consecutive Sustainability Report, aligning with YPF's goals. However, significant work is still ahead, especially in understanding what bio-based products mean from the user's perspective and how they can become assets to our portfolio.

What is YPF's approach to the circular economy and recycling?

We plan to launch a modular plastic recycling plant using pyrolysis. Due to the current situation in Argentina, we could not import foreign technology, which caused some delays. We are exploring local alternatives to keep the project moving forward.

In addition, we are advancing our industrial recycling plant, which will establish YPF Química as a leader in sustainability.

What are YPF Quimica's goals for the next two years?

Our goals are developing new regional markets to offset the decline in local demand and achieving efficiencies in our complexes to improve our competitiveness. For the specialty business, we must generate synergies to stimulate the regional market. Finally, we aim to consolidate the growth of our new product line of O&G chemicals and develop our offerings both internally and for third parties. In terms of sustainability, we must offer circular products with a lower carbon footprint in the coming years. Our short-term challenge is to continue growing in the chemicals sector sustainably, efficiently, and competitively. ■

Matías Campodónico

President Latin America
DOW

> ***Latin America represents a unique position to access renewable energy at competitive prices, with bio-based feedstocks and high-integrity carbon offsetting.***

What were the main milestones for Dow in the region during the last few months?

Our 15 plants in Argentina, Brazil, Mexico and Colombia are running reliably and safely. More recently, our plants run at full capacity in Argentina despite the recession, with the Bahía Blanca petrochemical hub being a key asset.

In Brazil, operations in Pará and Minas Gerais state are pivotal for the most sustainable metallic silicon and siloxane production of Dow, and we remain as the solely producer of polyol in the country with a fully back-integrated chain. In Mexico, our solid operations and global value chain integration is granting us a very strategic opportunity to collaborate with our customers in all nearshoring opportunities that are arising.

What makes Latin America an attractive region for investment?

The region has low emissions and strong potential for carbon capture. Brazil's renewable energy sector is growing, supported by our solar parks and biomass projects, and benefits from a clean energy matrix due to hydroelectric power. So, they present great opportunities for Dow to decarbonize its operations while it enables growth in this prosperous sustainable context.

Latin America represents a unique position to access renewable energy at competitive prices, with bio-based feedstocks and high-integrity carbon offsetting, to accelerate our path to Net Zero.

For example, three of Dow's 25 global plants with the highest energy consumption are in Brazil, so the multinational has built a robust energy transition and decarbonization plan for the region. And our Bahía Blanca plants aim to source 75% of their energy from renewables by 2025, with a target of 100% by 2030, and we plan to use more renewable than fossil fuels by 2050. While challenges remain in the midstream sector, such as gas transportation in Argentina and electricity transmission, the NK pipeline's construction is a step towards improvement.

How is Dow assessing investment and development opportunities in the context of friendshoring?

We are at the forefront of nearshoring initiatives, enabling businesses to harness the benefits of regional proximity and local excellence in producing innovative and sustainable materials. Nearshoring has become a game changer for organizations aiming to streamline their supply chains and drive efficiency, thanks to cost efficiency, improved communication and cultural similarities.

In Latin America, Dow has established a strong presence, driving economic, industrial and technological development. Our extensive operations, including multiple manufacturing plants, research and development centers, and offices, enable us to deliver innovative solutions and support local industries. We have a team of highly skilled professionals with in-depth knowledge of local market dynamics, providing tailored solutions and support to our customers.

Dow's Nearshoring Program focuses on four market verticals: Mobility, Packaging, Infrastructure, and Consumer. Each vertical is led by a specialized leader and a team of commercial and marketing functions from different businesses. Additionally, each market collaborates with a commercial business leader from the North Region to align with Dow's commercial objectives, ensuring an integrated approach to capturing opportunities and driving growth.

What can we expect from Dow in Mexico, Brazil, and Argentina in the coming months and years?

In the short term, Dow sees positive trends in the global petrochemical cycle and the potential effects of a US rate cut on consumption. We expect a stable transition and economic growth in Mexico. We are monitoring economic recovery in Argentina, with improvements anticipated by late 2024 and into 2025. Our focus is maximizing plant asset utilization and safety with a long-term perspective.

We aim to be the most sustainable and customer-focused materials science company, emphasizing inclusion and diversity. Our open-door policy fosters low attrition and strong talent attraction, development and retention. We are optimistic about Latin America's future and committed to its long-term development.

We will continue to practice our business premises: mutually dependent sustainable innovation and profitable growth. Our intentional focus on collaboration and inclusion helps us better address the region's challenges and increase our impact to drive positive change for the world.

Our portfolio is well-positioned in the region. We have a clear, science-based, disciplined, and accessible path to achieving carbon neutrality, while continuing to increase our capacity and improve transparency and accountability in all our sustainability efforts. It is essential to our growth strategy and is part of our mission to collaborate for sustainable development in Latin America. ■

Javier Sato

CEO
PETROQUÍMICA CUYO (PETROCUYO)

What is Petrocuyo's production capacity today?
Petrocuyo stands as Argentina's sole polypropylene (PP) producer. The company operates two facilities: one is in Luján de Cuyo, Mendoza, adjacent to the YPF refinery. This plant uses Novolen technology to produce copolymer and homopolymer PP. The second facility in Buenos Aires Province, Ensenada, was acquired from LyondellBasell and employs LIPP technology to produce homopolymer PP. This site also houses a PP compounding plant dedicated to the Argentine automotive industry. Petrocuyo produces 320,000 tons of PP and 30,000 tons of compounds annually.

How does Petrocuyo aim to leverage renewable energy and chemical recycling?
At Petrocuyo, we consume 75% of our energy from renewable sources like wind and solar. Our goal is to reach 100% renewable energy consumption. Additionally, we are involved in initiatives like Pellet Zero, which aims to eliminate plastic pellets from soil, and we also strongly promote the reuse of plastics waste as new raw materials.

We are addressing circularity by creating new virgin resins from recycled plastics through chemical recycling. This process converts plastics into raw materials by transforming them into pyrolysis oil, that will be transformed into new monomers, thus avoiding the use of equivalent petroleum quantities from refineries. Although we do not currently have a specific plant for this, we are exploring options to either build our own facility or collaborate with other companies to establish a chemical recycling plant.

Can you comment on Petrocuyo's partnership with Unblock to prevent gas from being vented into the atmosphere?
We have partnered with Unblock to use natural gas that until now has been vented in isolated gas and oil fields since they have no access to gas pipelines. This association with Unblock uses these gases to generate electricity, which then powers computers that integrate into an artificial intelligence network or for cryptocurrency mining. By converting this gas, we prevent it from being vented into the atmosphere or burned without benefit. ■

Ariel Stolar

Commercial Manager – Petrochemicals
PAMPA ENERGÍA

Can you remind our readers of Pampa Energía's footprint in Argentina?
Pampa Energía is a leading Argentinian energy company focusing on three main areas: power generation, exploration and production (E&P), and petrochemicals. The E&P and power generation sectors together account for approximately 95% of its EBIT. The remaining 5% comes from its petrochemical business unit. This unit operates a petrochemical plant in Puerto General San Martín that produces styrene, rubber, and other non-petrochemical products, and another plant in Zárate dedicated to polystyrene production.

Pampa Energía stands out as one of Argentina's largest private energy companies in power generation, contributing 15% of the country's energy supply. In E&P, it has seen substantial growth, driven by heavy investments in gas production, a part of which supports its petrochemical activities. The company has significantly increased its gas production by over 30% in 2023, and continues to invest in key areas in Vaca Muerta.

Pampa Energía's petrochemical business is overshadowed by the larger scale of the other two sectors. This unit has not seen capacity expansion in the last few years, mainly due to the challenges of investing solely for export purposes. As such, Pampa Energía has grown through its local customer base.

How could Argentina use cheap gas and associated liquids to transform its petrochemical industry?
Argentina has a window of opportunity similar to the one that the US petrochemical industry had during the shale boom. Just as the US petrochemical sector thrived by leveraging low-cost raw materials from shale, Argentina could benefit from its own cheap gas and associated liquids such as ethane, butane, and propane.

As a result, Argentina could export products to the region in much larger volumes with competitive raw materials and gas prices and the necessary infrastructure. Consequently, some of our businesses could justify expansions to support export growth. ■

Andean Region

LEANING TO THE LEFT

In 2022, both Colombia and Chile shifted toward the left of the political spectrum. Boric took office in Chile after winning the 2021 elections, while Petro became Colombia's first leftist president. Boric has made two attempts to overhaul Chile's constitution, both of which were rejected in a referendum in late 2023. Petro seems to be considering a similar path, having spoken about a constitutional reform without providing further details.

The energy transition and environmental stewardship have been key pillars for both administrations. Boric, for his part, has adopted a two-pronged plan: advancing Chile's lithium and green hydrogen sectors. In 2023, he presented the National Lithium Strategy to enhance private sector involvement across the lithium value chain while maintaining selective state control in public-private partnerships. To promote green hydrogen, he introduced the National Green Hydrogen Action Plan 2023-2030. "Chile's future is envisioned in the green hydrogen and lithium sectors. However, achieving this vision depends heavily on a long-term state policy that facilitates permit approvals and the development of large-scale projects," commented Juan Pablo Gazmuri, vice president at ASIQUIM.

When asked if there are any synergies between the mining and chemical industries that could be exploited, he answered: "All mining projects require chemical solutions. Even a slight improvement in efficiency can make a significant difference, given the large production volumes. Moreover, as major mining operations deplete their ore grades, chemistry becomes essential to keep mines operational. By collaborating closely with the mining industry, we, the chemical industry, have several synergies to leverage."

Left-leaning governments are often associated with protectionist measures, particularly when markets are flooded with foreign products at dumping prices. When asked about the situation, Jorge García, general manager of Petroquim—Chile's sole polypropylene (PP) producer—remarked that Chile remains one of the most open markets globally and emphasized that "protectionism is rarely the answer": "In times of significant oversupply, like we are experiencing today, you cannot ignore international prices. Even though the initial low offers may come from Asia, many regional producers eventually adjust their prices downward—not to the same extent, but they still adjust. This affects everyone, but the key is to learn how to navigate these situations by optimizing as much as possible," he concluded.

Colombia advances
While the Colombian Presidency announced during the 28th Conference of the Parties to the UN Framework Convention on Climate Change, held in November 2023 in Dubai, that "Colombia has decided not to sign any more exploration contracts for coal, oil and gas," Felipe Trujillo, commercial and marketing vice president at Ecopetrol, assured GBR that: "At Ecopetrol, we are committed to being Colombia's fuel supplier until the last consumer transitions away from gasoline and diesel." Be aware. Trujillo's statement does not sound like an "anticipatory farewell" but rather like an ongoing adaptation driven by foresight. In fact, by October 2024, Trujillo revealed to GBR that Ecopetrol is set to launch an industrial-scale trial for Sustainable Aviation Fuel (SAF) using 2% to 4% of bleached palm oil: "This initiative aims to position Colombia as a regional leader in SAF production, involving close collaboration with the Colombian government and airline customers to gradually introducing SAF into Colombia's jet fuel market," he said.

Over the past year, in partnership with Esenttia, an Ecopetrol subsidiary, they inaugurated a state-of-the-art plant in Tocancipá. This facility has the capacity to process 12,000 t/y of post-consumer plastic for asphalt production. Their goal is to establish this as a mandatory practice in Colombia.

Regarding practices and regulations, GBR spoke with Daniel Mitchell, executive president of Acoplásticos. He mentioned that the figures for the Colombian plastic industry experienced some corrections: "When comparing figures, 2023's negative numbers mirrored the positive numbers of 2022, balancing the growth. Inventory accumulation was a key factor, making 2023's results seem worse out of context."

Despite a challenging start, he was particularly expressive about the enforcement of Law 2232, which, although enacted in 2022, began to take effect on July 7, 2024. "I would say this process was rushed, but now Colombia has one of the most robust plastic regulations. It is worth highlighting that this legislation considers the impact on business by exempting essential goods and medical items from these regulations. Products that demonstrate a lower environmental impact through a comprehensive life cycle analysis (LCA) can also be exempt," he concluded. ■

Image courtesy of Luis Dalvan at Pexels

Jorge García

General Manager
PETROQUIM

»While being local offers the advantage of swiftly managing stock shortages, the real key is staying close to the client and providing top-tier support.«

Can you remind our audience of Petroquim's history?

In 1988, Petroquim started as the first partnership between a state-owned company and a private entity in Chile to develop the country's petrochemical industry, a completely new sector at the time. By 2000, we were already producing polypropylene (PP); however, as Chilean refineries shifted their focus toward fuel production, especially cleaner fuels, their investment prioritized environmental quality improvements over increasing volume. Consequently, we had to adapt to this new reality and the limited availability of raw materials.

Until 2014, Petroquim sourced ethylene from the State Refinery, enabling the production of homopolymers and copolymers. However, following the closure of ENAP's ethylene plant, we were forced to focus exclusively on producing homopolymers. Today, we are the sole PP producer in Chile, with a plant in Concepción, the eighth region, with a nominal capacity of 130,000 t/y but a current production of between 80,000 and 90,000 t/y. Most of our output stays in Chile, but a portion is exported.

What unique value can a local polypropylene producer offer to the region?

While being local offers the advantage of swiftly managing stock shortages, the real key is staying close to the client and providing top-tier support, ensuring they maximize the potential of the resins. At the same time, Chile is probably one of the most open markets to international trade in the region, making polypropylene, especially from Asia, widely available. However, many companies, particularly those from Southeast Asia, view the region as marginal, offloading excess production at dumping prices without providing consistent support.

The value of technical support and the ability to work closely with clients in their native language is substantial—something that Asian petrochemical companies often can't match.

What is the key to staying competitive in current market conditions?

We are at the mercy of international prices and logistical challenges. While we may be near the lowest point, I do not foresee a quick recovery. Current prices and margin levels could persist for a few more months as the excess capacity in the market is taking longer to balance out than anticipated. Plastic consumption in Chile has grown minimally. Despite a rise in recycled plastic resins to about 8-9% of the total, this has come at the expense of virgin resins. Consequently, growth has been more noticeable in regional markets such as Ecuador, Colombia, Peru, Argentina, Brazil, and Paraguay.

Protectionism is rarely the answer. It is crucial to work closely with clients. In times of significant oversupply, you cannot ignore international prices. Even though the initial low offers may come from Asia, many regional producers eventually adjust their prices downward—not to the same extent, but they still adjust. This affects everyone, but the key is to learn how to navigate these situations by optimizing as much as possible.

How does Petroquim's flexibility as a small plant benefit its ability to adapt to changing client needs?

We have been operating with the license of LyondellBasell's Spheripol technology. What has evolved is our collaboration with chemical and additive suppliers to develop new products and more cost-effective options that deliver the best performance in terms of properties and productivity for our clients. Our products' formulas have a lifespan of less than two years, giving us frequent opportunities to innovate. Just like in cooking, the right combination of chemicals allows us to fine-tune the properties of our product, and as a relatively small plant, flexibility is a key strength. We can carry on industrial trials and tests, which has been vital in sustaining our role as a leading homopolymer supplier.

What is your perspective on single-use plastics and the negative perception surrounding them?

The focus of sustainability has been on the manufacturing industry. In Chile, for instance, we lead the way in imposing restrictions on single-use plastics. This has led to the disappearance of several companies and an increase in plastic imports. It is important to carefully evaluate well-intentioned policies, as their broader impacts may need closer examination to understand their effects fully. While alternatives exist, they are not necessarily economically and environmentally more efficient. For instance, the shelf life of food products is significantly extended by plastics, which is crucial for high-turnover supply chains in supermarkets. ■

Juan Pablo Gazmuri

Vice President
ASIQUIM

»We anticipate a challenging yet stable year ahead, with tighter economic conditions but no severe downturns.«

How did the Chilean chemical industry perform in 2023?

In 2023, Chile's chemical exports saw a 5% decrease in terms of total amount compared to 2022, mainly due to price fluctuations, totaling approximately US$13 billion. Despite this decline, the chemical sector still accounted for 14% of all Chilean exports. On the import side, the decrease was even more pronounced, with a 30% drop, totaling around US$13.3 billion, and an 8% decrease in volume.

How would you assess the current economic landscape of the global chemical industry and, more specifically, Chile's situation?

Although the industry predicted a global recession, we do not see it materialized yet, leading us to believe we are experiencing a soft landing. In 2024, prices appear more stable, but logistical challenges persist, especially in regions like Asia and Europe. We anticipate a challenging yet stable year ahead, with tighter economic conditions but no severe downturns.

What work lines has ASIQUIM focused on recently?

One of our main focuses at ASIQUIM this year is promoting Responsible Care among our partners and the broader community. We are making Responsible Care mandatory for our members in 2025.

Another line we are working on is highlighting the role of chemistry and communicating where it intersects with daily activities. There is often a disparity in understanding; if everyone understood the impact and importance of chemistry, matters would be simplified significantly. Our mission is to reach out to people and demonstrate the positive effects of good chemistry.

Additionally, we actively participate in developing regulations alongside the government and authorities to support new projects. Chile's future is envisioned in the green hydrogen and lithium sectors. However, achieving this vision depends heavily on a long-term state policy that facilitates permit approvals and the development of large-scale projects.

What are some synergies between the Chilean mining and chemical industries?

Mining is crucial for transitioning to sustainable technologies, although not everyone grasps this. The same misunderstandings apply to the chemical industry. Without the chemical and mining industries, modern existence as we know it would be impossible; they are the backbone of all technological advancements and everyday products. All mining projects require chemical solutions. Even a slight improvement in efficiency can make a significant difference, given the large production volumes. Moreover, as major mining operations deplete their ore grades, chemistry becomes essential to keep mines operational.

By collaborating closely with the mining industry, the chemical industry can have several synergies to leverage.

How can Chile benefit from nearshoring or friendshoring?

Many countries have become aware of China's aggressive export policies, and we have witnessed the US imposing tariffs on Chinese goods, because its currency policies and export incentives create asymmetric opportunities.

Despite incentives, a quarter of mainland China's listed companies are unprofitable, flooding global markets with excess capacity and undercutting competitors. This predatory pricing devastates value-added industries in heavily regulated countries, where governments demand more from businesses but fail to protect them from unequal competition.

As a result, many countries are protecting their jobs and industries from these threats. Meanwhile, Mexico has begun imposing anti-dumping measures on various chemical products, and Brazil has also been taking proactive actions. In Chile, after many requests, the government is now making timid moves with steel regarding Chinese dumping prices.

The escalating trade wars have led the West to reassess its supply chains, looking not only to neighboring countries but also to alternative trading partners in order to reduce reliance on any single provider, which now probably has an extra duty or tariff and also reduce supply and geopolitical risk.

The concept of nearshoring has gained momentum, with industries relocating to the US, benefiting Mexico. Although Chile may seem geographically distant from these dynamics, our practical proximity is evident in shipping terms. Being a major exporter of copper and lithium, Chile imports numerous products, often leaving ships departing without full cargo.

Despite the distance, our logistical proximity to many countries, due to return freight rates, positions Chile as an attractive friendshoring option.

Moreover, Chile stands out as a historically stable country, and it has an open economy with over 33 free trade agreements, enabling competitive sourcing of raw materials and access to the global market at competitive prices. Chile is well-positioned to supply countries protecting themselves from less regulated competitors. ■

CHILE AT A GLANCE
Source: IMF, data for 2024

CAPITAL
Santiago

HEAD OF STATE
Gabriel Boric

GDP
US$ 333.76 billion

GDP GROWTH
2%

TOTAL INVESTMENT (% OF GDP)
22.2%

GROSS NATIONAL SAVINGS (% OF GDP)
24.3%

CURRENT ACCOUNT BALANCE (% OF GDP)
-3.9%

DEMOGRAPHIC DATA
Source: IMF, data for 2023

POPULATION
20.09 MILLION

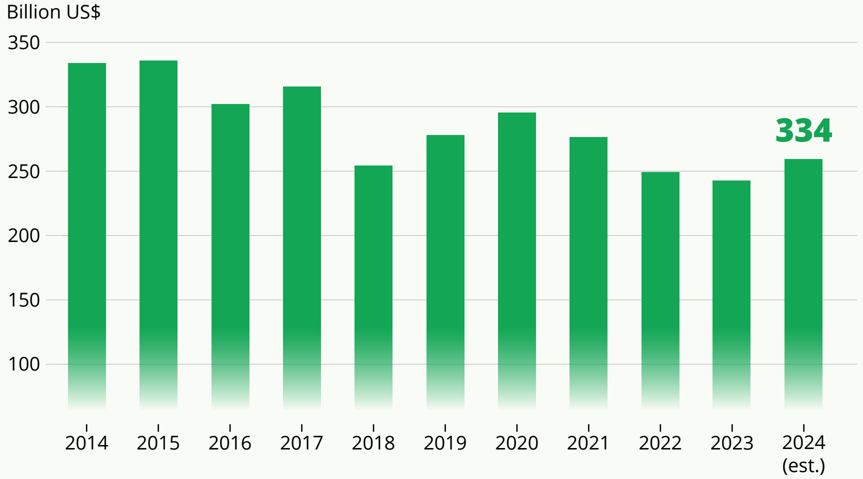
UNEMPLOYMENT RATE
8.7%

GDP PER CAPITA
US$16,620

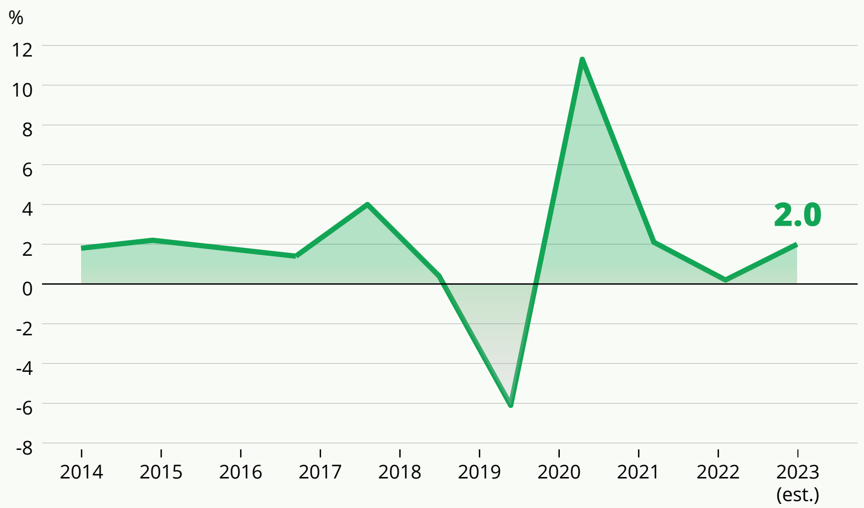
GDP PER CAPITA (PPP)
US$31,010

INFLATION RATE
3.2%

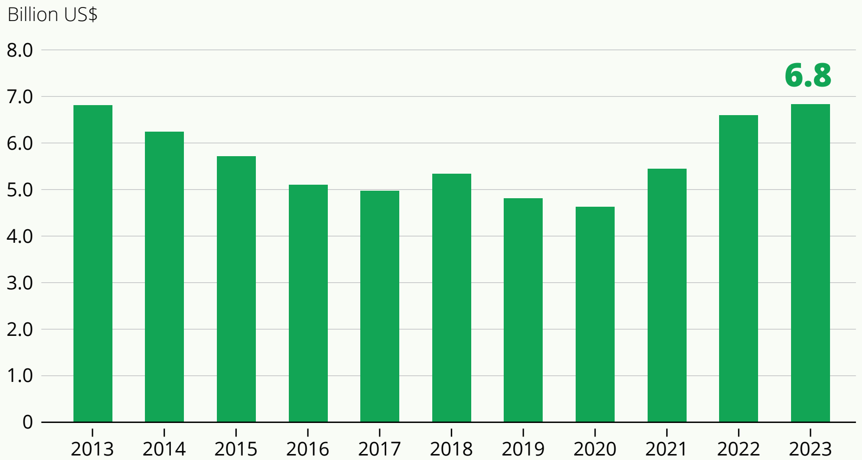
GDP EVOLUTION
Source: IMF 2024



GDP GROWTH
Source: IMF



CHEMICAL SECTOR* GDP EVOLUTION
Source: ASIQUIM



COLOMBIA AT A GLANCE
Source: IMF, data for 2024

CAPITAL
Bogotá

HEAD OF STATE
Gustavo Petro

GDP
US$ 386 billion

GDP GROWTH
1.1%

TOTAL INVESTMENT (% OF GDP)
14.7%

GROSS NATIONAL SAVINGS (% OF GDP)
7.8%

CURRENT ACCOUNT BALANCE (% OF GDP)
-3%

DEMOGRAPHIC DATA
Source: IMF, data for 2023

POPULATION
52.69 MILLION

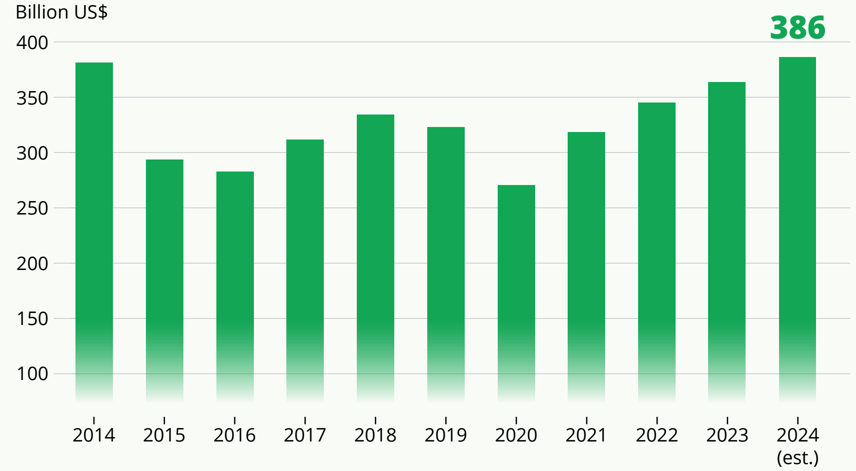
UNEMPLOYMENT RATE
10%

GDP PER CAPITA
US$7,330

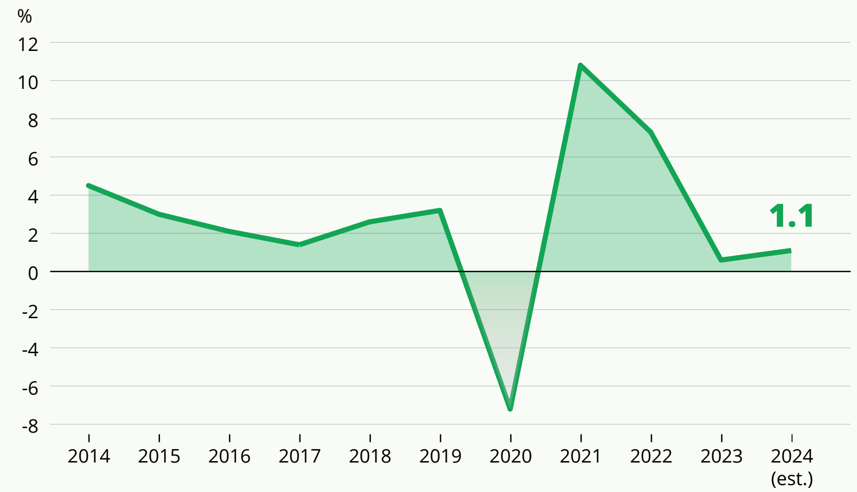
GDP PER CAPITA (PPP)
US$19,770

INFLATION RATE
6.4%

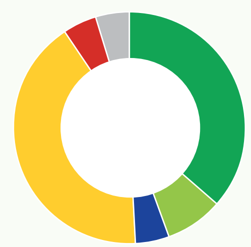
GDP EVOLUTION
Source: IMF 2024



GDP GROWTH
Source: IMF

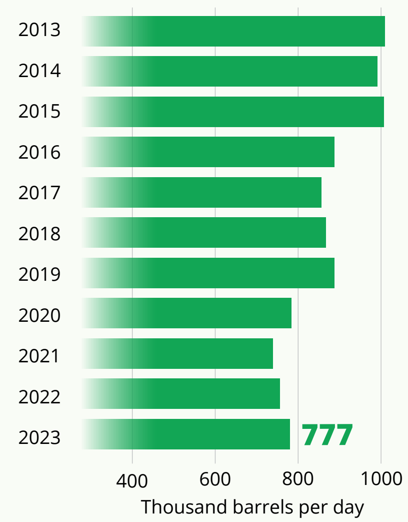


INSTALLED PETROCHEMICAL CAPACITY
Source: Acoplásticos



	Thousands of metric tonnes / year
Polyvinyl chloride (PVC)	502
Polystyrene	110
Low density polyethylene	66
Polypropylene	570
Unsaturated polyester resins	65
Other plastic resins	62
TOTAL	1375

OIL PRODUCTION
Source: ANH



Daniel Mitchell

Executive President
ACOPLÁSTICOS

»Our experience with regulations is unmatched in Latin America, covering extended producer responsibility, single-use plastics laws, and taxes on plastic bags and packaging.«

Do you think that the plastic sector in Colombia is recovering?
When comparing figures, 2023's negative numbers mirrored the positive numbers of 2022, balancing the growth. Inventory accumulation was a key factor, making 2023's results seem worse out of context. However, companies were prepared, making the situation manageable. In 2024, while prices remain stable but low due to global oversupply, the petrochemical sector continues to adjust.

Colombia enforced Law 2232, banning single-use plastics, starting on July 7. What are your thoughts on this new regulation, and what are some exemptions?
I would say this process was rushed, but now Colombia has one of the most robust plastic regulations. In 2022, the government enacted a law targeting single-use plastic products, which mandates that certain items like bags, tableware, and straws must transition to more sustainable alternatives made from recycled or reusable materials —otherwise, they will be phased out of the market.

Bags, straws, stirrers, etc., are the products that face the toughest regulatory impact. They represent around 4% of Colombia's plastic industry, impacting roughly 9,000 jobs, 100 companies, and around 50-60,000 tons of plastics annually. Now, companies must either transition to producing items with recycled materials, explore biodegradable or compostable alternatives, or adjust designs for reusability. However, bio-based products often cost two to three times more than petrochemical-based ones, adding significant financial strains. This poses an additional challenge for this transition.

It is worth highlighting that this legislation considers the impact on business by exempting essential goods and medical items from these regulations. Products that demonstrate a lower environmental impact through a comprehensive life cycle analysis (LCA) can also be exempt.

How do you see Colombia now in terms of recycling opportunities?
Opportunities in Colombia's plastic industry are immense. The new law sets ambitious and specific targets for various categories: PET bottled, rigid containers, flexible packaging, and thermoformed products. Major petrochemical companies are investing in both mechanical and chemical recycling. Investments in expanding PET and polyolefin recycling capacities have also been substantial, exceeding US$100 million over the last three to four years. Now that compliance is mandatory, making recycled materials competitive with original ones, especially during low prices, I expect this trend to continue.

What are some initiatives Acoplásticos is working on?
We are focused on two significant fronts: sustainability and business opportunities. For business opportunities, we aim to help companies find new markets through trade fairs and business roundtables. These activities can stimulate and create opportunities across various segments of the plastic industry.

In terms of sustainability, we work on five pillars. First, companies can improve product design through eco-design, making products easier to recycle and containing recycled materials. This presents technical challenges, so we collaborate closely with the Instituto de Capacitación e Investigación del Plástico y del Caucho (ICIPC) for eco-design certifications. Within this program, we adhere to Operation Clean Sweep Colombia standards to prevent plastic pellet spills. Second, our "Dale vida al Plástico" campaign raises consumer awareness about recycling. Third, we strengthen the recycled plastics market through financing events and capital initiatives with the stock exchange. Fourth, our "ACOREP" waste packaging plan ensures compliance with producer responsibility regulations. Lastly, we monitor regulations, technology, and norms via our Plas-tic observatory, offering guidance in the evolving plastics circular economy sector.

Do you have a final message for APLA's annual meeting attendees in Cartagena?
There is a lot of buzz at international levels focusing on the impacts of chemicals and plastics, but we cannot overlook the significant contribution of chemistry, petrochemicals, and plastics. I think the last few years have taught the industry and governments the importance of technical knowledge from business in shaping regulations. Many mistakes have been made without this expertise, leading to ineffective and problematic regulations. Ensuring regulations are founded and well-informed to address environmental, safety, and health challenges is crucial.

Even though not the largest, Colombia is a key player in Latin America's petrochemical market and has a well-developed plastic industry recognized across the region. Our mature sector, mainly in Cartagena, produces polypropylene, PVC, and low-density polyethylene. Additionally, our experience with regulations is unmatched in Latin America, covering extended producer responsibility, single-use plastics laws, and taxes on plastic bags and packaging. This extensive experience provides valuable lessons for other countries in the region to be prepared, anticipate solutions and avoid future mistakes. ■

Felipe Trujillo

Commercial and Marketing Vice President
ECOPETROL

»Maintaining our traditional business is crucial to finance investments in wind, solar, hydrogen, natural gas, and second-generation biofuels.«

What were the key focus points for Ecopetrol in the last few months?
2023 was a year of consolidation for Ecopetrol's petrochemical business. In 2019, we ambitiously planned to double our petrochemical business by 2025, but we reached this target by 2022 without additional capital or operational expenditures, relying instead on optimizing existing resources, enhancing plant stability, maintaining product quality, and expanding into new markets. For 2024, the focus shifts to further consolidating these gains amid global, regional, and local economic challenges.

We have focused on several fronts, particularly logistics, where we have developed capabilities to reach almost end-user markets. We established a "Chartering Desk" to secure Contract of Affreightment (COA)s for aromatic BTX and some aliphatics, enhancing our logistical flexibility through co-chartering and DAP deliveries, expanding our market beyond Colombia, facilitating sales of aromatics and providing return freight opportunities in complementary categories such as methanol and caustic soda. While we operate as commercializers rather than producers in these sectors, we have achieved a market share of approximately 35-33% in local methanol and about 25% in caustic soda.

Regarding asphalt, we began with a COA and, starting in September 2024, will add a time charter. This is crucial because one of the region's main barriers to asphalt commercialization is the limited number of heated tankers—only seven exist, and we will have two. We are capturing a significant niche in the region, becoming a supplier of approximately 30,000-35,000 tons of asphalt per month for export, with promising growth predictions.

What are the key milestones and applications achieved with the post-consumer plastic asphalt technology in 2023?
In 2023, in a close cooperation with our clients we developed an innovative technology called post-consumer plastic asphalt. Typically, Poly(styrene-butadiene-styrene) or SBS is used internationally to modify asphalt, constituting about 3% of the mixture. We replaced 1-1.5% of this with recycled post-consumer plastic. This does not mean we are adding waste; we work with classified resins, using low-density polyethylene, high-density polyethylene, or polypropylene, each melted at different temperatures and standardized into pellets. We have successfully applied this technology in 18 projects, demonstrating it is no longer a pilot phase.

Last year, we faced uncertainty about the steady supply of post-consumer plastic. To address this, Esentia, a subsidiary of Ecopetrol, recently inaugurated a state-of-the-art plant in Tocancipá with an annual processing capacity of 12,000 tons of post-consumer plastic. The plant guarantees a consistent supply of recycled plastic for asphalt production in Colombia and some export applications.

We are collaborating with the central government to make post-consumer plastic asphalt practice mandatory. This initiative offers environmental benefits and seeks to improve recyclers' working conditions and formal employment status.

How is Ecopetrol transitioning the journey to a greener world?
In October 2024, we will launch an industrial-scale trial for Sustainable Aviation Fuel (SAF) using 2% to 5% of bleached palm oil and used cooking oil. This initiative aims to position Colombia as a regional leader in SAF production, involving close collaboration with the Colombian government and airline customers to gradually introducing SAF into Colombia's jet fuel market.

The transition to renewable energy requires substantial resources, which our existing operations must fund. Therefore, maintaining our traditional business is crucial to finance investments in wind, solar, hydrogen, natural gas, and second-generation biofuels.

How does the Houston subsidiary's local presence in the US benefit Ecopetrol's trading operations?
Houston handles 30% of our crude exports to the US, and also plays a dual role, managing Ecopetrol's fuel transactions and procuring naphtha for crude oil dilution or deals for products like methanol marketed across Central and South America, enhancing our market competitiveness. Operating from the US provides access to a broader stakeholder base, ensuring competitive economic conditions compared to operating solely from Colombia.

Do you have a final message for the attendees of APLA's annual meeting in Cartagena this year?
Cartagena is not only a tourist city. It is also becoming an industrial cluster vital to Colombia. Projects in La Guajira, relatively close to Cartagena, highlight the importance of the Colombian Caribbean. Ecopetrol's deep and ultra-deepwater gas discoveries contribute to the region's growing profile as a hub for clean energy development, which is expected to consolidate further in the coming years. ■

PERU AT A GLANCE
Source: IMF, data for 2024

CAPITAL
Lima

HEAD OF STATE
Dina Boluarte

GDP
US$ 282.46 billion

GDP GROWTH
2.5%

TOTAL INVESTMENT (% OF GDP)
18.2%

GROSS NATIONAL SAVINGS (% OF GDP)
22.1%

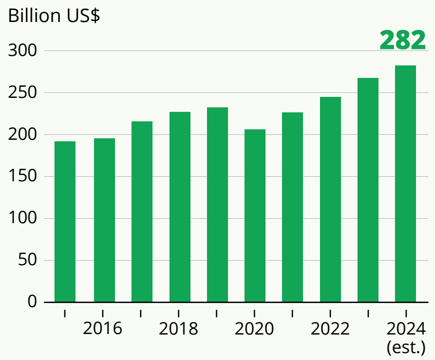
CURRENT ACCOUNT BALANCE (% OF GDP)
-1.1%

DEMOGRAPHIC DATA
Source: IMF, data for 2024

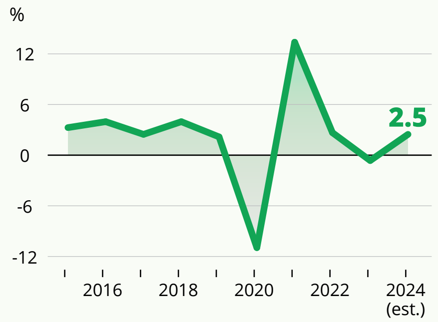
POPULATION
34.07 MILLION

UNEMPLOYMENT RATE
6.6%

GDP EVOLUTION
Source: IMF 2024



GDP GROWTH
Source: IMF



GDP PER CAPITA
US$8,290

GDP PER CAPITA (PPP)
US$16,630

INFLATION RATE
2.3%

ECUADOR AT A GLANCE
Source: IMF, data for 2024

CAPITAL
Quito

HEAD OF STATE
Daniel Noboa

GDP
US$ 121.59 billion

GDP GROWTH
0.1%

TOTAL INVESTMENT (% OF GDP)
22.8%

GROSS NATIONAL SAVINGS (% OF GDP)
21.7%

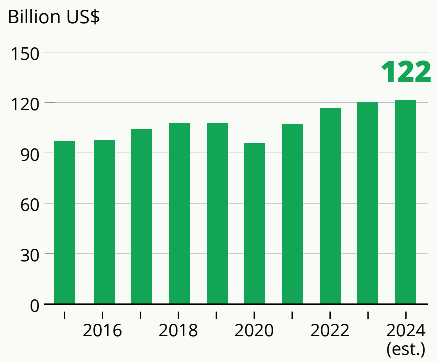
CURRENT ACCOUNT BALANCE (% OF GDP)
0.9%

DEMOGRAPHIC DATA
Source: IMF, data for 2024

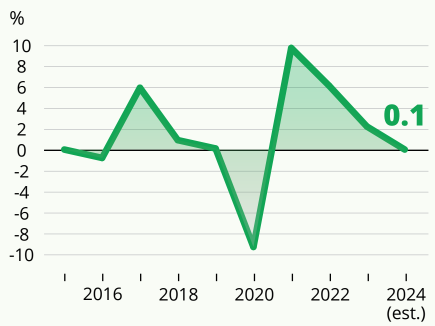
POPULATION
18.52 MILLION

UNEMPLOYMENT RATE
4.2%

GDP EVOLUTION
Source: IMF 2024



GDP GROWTH
Source: IMF



GDP PER CAPITA
US$6,570

GDP PER CAPITA (PPP)
US$14,480

INFLATION RATE
1.4%

BOLIVIA AT A GLANCE
Source: IMF, data for 2024

CAPITAL
La Paz / Sucre

HEAD OF STATE
Luis Arce Catacora

GDP
US$ 49.33 billion

GDP GROWTH
1.6%

TOTAL INVESTMENT (% OF GDP)
22.22%

GROSS NATIONAL SAVINGS (% OF GDP)
13.1%

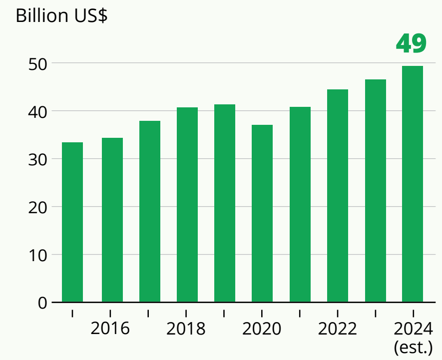
CURRENT ACCOUNT BALANCE (% OF GDP)
-5.7%

DEMOGRAPHIC DATA
Source: IMF, data for 2024

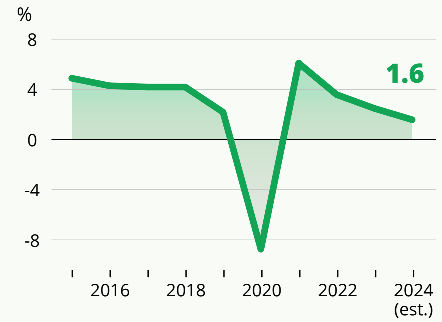
POPULATION
12.29 MILLION

UNEMPLOYMENT RATE
5%

GDP EVOLUTION
Source: IMF 2024



GDP GROWTH
Source: IMF



GDP PER CAPITA
US$4,010

GDP PER CAPITA (PPP)
US$10,690

INFLATION RATE
4.5%

VENEZUELA AT A GLANCE
Source: IMF, data for 2024

CAPITAL
Caracas

HEAD OF STATE
Nicolás Maduro

GDP
US$ 102.33 billion

GDP GROWTH
4%

TOTAL INVESTMENT (% OF GDP)
3.7%

GROSS NATIONAL SAVINGS (% OF GDP)
10.1%

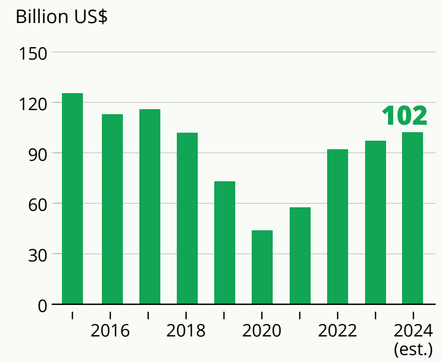
CURRENT ACCOUNT BALANCE (% OF GDP)
4.7%

DEMOGRAPHIC DATA
Source: IMF, data for 2024

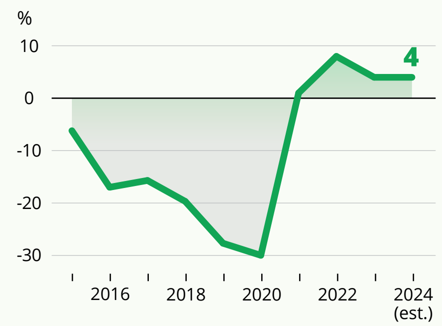
POPULATION
24.46 MILLION

UNEMPLOYMENT RATE
-

GDP EVOLUTION
Source: IMF 2024



GDP GROWTH
Source: IMF



GDP PER CAPITA
US$3,870

GDP PER CAPITA (PPP)
US$8,490

INFLATION RATE
100%

EXTENDED VALUE CHAIN

"While growth might seem positive, it is essential to recognize that it does not always indicate a beneficial situation; the increase in container traffic does not necessarily reflect a booming market; rather, it is a result of ongoing disruptions in maritime routes."

- Giovanni Benedetti,
Chief Commercial Officer & Head of Marketing and Sales,
Grupo Puerto de Cartagena

Image courtesy of Tom Fisk at Pexels

Chemical Distribution

THERE IS STILL ROOM FOR CONSOLIDATION

When you move from industries like mining to the chemical and petrochemical sectors, it might feel like, even as the world accelerates, especially this past year with geopolitical, economic distress, or climatic events happening more frequently, both the chemical and petrochemical industries continue at a slower, more predictable pace. That is not the case. Similarly, looking at the reasons behind the current downcycle, the whole industry seems to be at a standstill. Again, that is another misconception.

The truth is, during downcycles, strong companies adapt, survive, gain market share, and look for consolidation through M&A. But what really defines strength? Depending on your background and how you define strength, you might consider qualities like annual revenue, adaptability, financial stability, innovation, and strong leadership. However, we should focus on the true essence of strength—the capacity to endure, overcome challenges, and maintain or grow in the face of adversity. It is clear that every chemical distribution company operating in Latin America demonstrates a great deal of strength. According to Verified Market Research, if that were not the case, it would be impossible for the Latin American chemical distribution market to be valued at US$25.83 billion in 2024 and projected to reach US$36.12 billion by 2031.

Latin America is an arena where the top three global chemical distributors, Brenntag, Univar Solutions and Tricon Energy, are all looking to grow their market share. There seems still to be more room for consolidation in this market. For example, in May 2024, Brenntag announced the acquisition of the Mexican chemical distributor Química Delta. Germán Torres, president at Brenntag Essentials Latin America, told GBR that mergers and acquisitions are a key part of Brenntag's growth strategy, especially in Latin America, where they see significant opportunities in markets like Mexico and Brazil due to their proximity to the US and the trend for nearshoring. He also noted that each country in the region has unique strengths in various business areas, including agrochemicals, fertilizers, personal care, and construction. "This rich diversity across the region makes our business stimulating and rewarding. Instead of relying on a single market for opportunities, our approach combines various industries and sectors, allowing us to develop diverse strategies for growth, both organically and through acquisitions," he added.

Jorge Buckup, president of Latin America at Univar Solutions, emphasized that the success of large global companies relies heavily on leveraging the local component: "We are a global company, but local teams are essential, especially for Latin America. These teams understand the culture, are well aware of local market dynamics, and deliver solutions tailored to each specific market, whether in Mexico, Brazil, Argentina, Venezuela, or Colombia," he commented.

When discussing mergers and acquisitions in the chemical distribution sector, Buckup noted that Univar made several organizational adjustments over the past year to enhance its market approach. However, being acquired by Apollo Funds in 2023 has been a game changer, providing crucial support and allowing the company to implement its strategy with greater agility: "Operating as a private company with the support of a private equity fund like Apollo opens up more possibilities for us, including better resource allocation, whether in people, training, development, new capital investments, or acquisitions. As a private company, M&A is crucial for growth, particularly in Latin America, where we constantly explore opportunities and have conversations to identify the best choices for our markets," he concluded.

Returning to the earlier point about the misconception that the industry was at a standstill, Javier Canala-Echevarría, Pochteca's regional director for South America, helped dispel that notion: "The chemical distribution market is in constant movement, especially considering that market players face an always challenging supply chain and economic and political conditions. Consolidation provides customers access to one-stop-shop supply, whilst distributors strive to achieve a more diversified and integrated operation to improve efficiency and reduce risk."

Canala-Echevarría assessed the challenges faced by the industry, noting that they are multifaceted and stem from various supply chain disruptions. Some of these issues arose from the effects of Covid-19, which caused significant fluctuations in product availability and costs due to variability in transport and freight expenses. He highlighted that companies are now looking to balance their offshore models with local alternatives and reduce their reliance on concentrated suppliers with an appetite for sustainable products and solutions: "Managing all variables to ensure a strong product portfolio, a reliable supply to our customers and achieve a more streamlined and cost-efficient operation are all key challenges in the industry," he explained.

Another company on the top 100 distributors list with a strong local presence, similar to Pochteca, is Química Anastacio. In conversations with Jan Krueder, the company's CEO, he shared with GBR that in 2023, sectors such as base oils, lubricants, paints, industrial processes, and agriculture demonstrated resilience. Despite achieving double-digit growth, Krueder believes the results could have been even better: "Launching new products frequently has allowed this growth, compensating for slower economic conditions, specifically in Brazil. In 2023, we saw a significant price decline, preventing increased revenue growth despite maintaining high volume increases."

"Our leadership in Brazilian distribution demands competitive pricing strategies, robust sourcing capabilities, and adept international management, prioritizing FOB over CFR and negotiating locally for efficient logistic solutions," concluded Krueder.

Adriana Ramírez Millán, chemical sales director at Helm de México, commented that the company has mainly focused on organic growth, but also exploring investment opportunities in the sustainability market: "We are willing to consider acquisitions that complement our strategy, especially those that drive sustainable initiatives, such as producing eco-friendly products. We are adapting to market dynamics and evaluating how we can expand strategically," she added.

Mind the gap and seize the prize

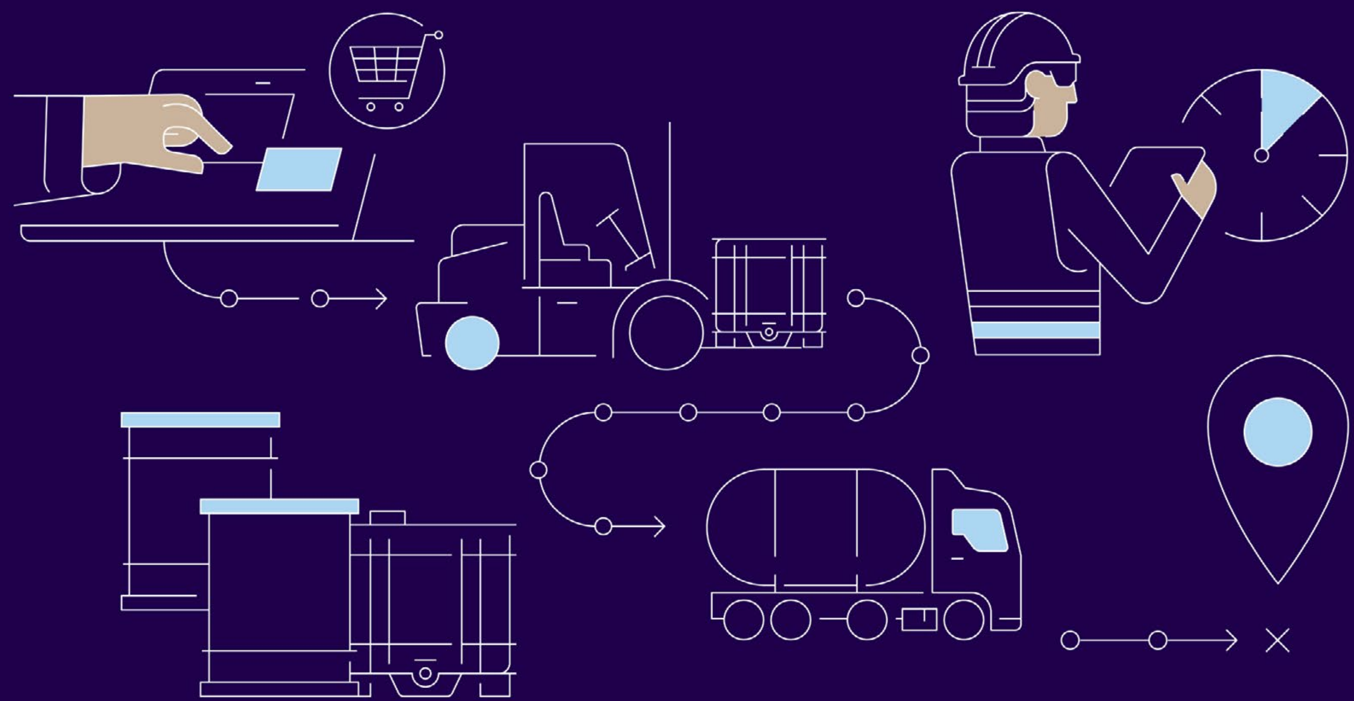
M&A's benefits are clear: gaining access to new markets, offering more specialized services, and expanding the footprint. However, Capstone Partners reports that M&A activity in this segment dropped by 77.8% by June 2024 compared to the same period last year, mainly due to the increasingly blurred lines between manufacturers and distributors.

70 >>

Image courtesy of Pochteca

BRENNTAG

150 years



Our global leadership in chemical distribution gives you access to unique, resilient and best-in-market positioning

Brenntag Essentials leverages our unrivaled local, regional and global capabilities, focusing on Last Mile Service Operations (LMSO), regional sourcing and supply chain services and global sourcing and interregional optimization. With this triple business model, we drive accelerated growth in the highly attractive, globally growing market of chemical distribution. We continually invest to enhance our performance to benefit our customers and suppliers and execute a disciplined and targeted M&A strategy to drive further growth.

In Latin America, consolidation with strategic partners and integrations with companies, such as Química Delta in México, makes us a leader and more efficient partner in the chemical distribution industry.

brenntag.com

Germán Torres

President
BRENNTAG ESSENTIALS LATIN AMERICA

» The region holds significant growth potential; we just need to capitalize on opportunities and persist in making the most of them. «

In May 2024, Brenntag announced the acquisition of Quimica Delta in Mexico. What is its significance, and where does Brenntag see the most potential for organic and inorganic growth?
Besides commercial initiatives, M&A is an important part of Brenntag's growth strategy. This is particularly important in Latin America, where we see significant growth potential in Mexico and Brazil.

Each country in Latin America has unique strengths in different business areas. For example, the Southern Cone presents distinctive opportunities in the mining sector. In Brazil, we hold a strong position in petrochemicals, agrochemicals, fertilizers, and energy services, including the oil market, which due to ongoing investments is ripe with opportunities. Meanwhile, Northern Latin America boasts dynamic markets in personal care, agro-fertilizers, construction, and paints. This rich diversity across the region makes our business stimulating and rewarding.

What approach did Brenntag take to adapt to the chemical market conditions since H2 2023?
Inflation in the region has not been controlled as expected. In addition, the industry has been facing a decline of chemical prices, which soared during and after the pandemic. Prices have significantly dropped since mid-2023, along with logistics costs. The "destruction" of demand that characterized the years before 2023 is a clear example of a "return to normal", but also comes with many challenges. Facing such a situation forces us to become more efficient and cut costs while maintaining value for our clients and profitability of our operations. Despite these difficulties, we remain optimistic. While the current market climate is tough, it is necessary for future stability.

Why is it essential to adopt new technologies within the distribution segment?
While the human and talent factor remain crucial, information management and digitalization are essential within the chemical distribution sector, like in any industry today. The amount of information generated in chemical distribution can be overwhelming. The challenge is not the quantity of information but how it is segmented, managed, shared, and used to make forecasts, demand patterns and ultimately management decisions.

As such, digital strategy is a core pillar for us since it drives internal improvements and improves our client agility. By integrating advanced technologies, we can better anticipate market needs and streamline our operations, ensuring we remain competitive and responsive in a dynamic industry. We have launched several global initiatives with substantial data analytics and artificial intelligence investments to achieve this.

How does Latin America serve as an example of sustainability within Brenntag's operations?
In Brenntag, Latin America is a leader in sustainability, having met our 2025 carbon reduction goals by 2023 already. In mid-2024, our site in Querétaro, Mexico, the largest in Latin America, became self-sufficient and 100% reliant on solar energy. Additionally, our site in Vaca Muerta, Argentina, has been operating entirely on renewable energy since 2022. And these efforts are recognized. Brenntag has been the only chemical distributor worldwide to receive a platinum rating from EcoVadis in two consecutive assessments, improving our score each time.

Sustainability for us is also carefully analyzing which products should not be present in the future due to their ecological impact. We aim to raise awareness in Latin America about the limited future of certain chemicals. The region lags Europe and the US in this regard, especially given the lack of governmental regulations. Our global view and expertise help us here. We also focus on finding suitable substitutes for these molecules, responding to our client's growing interest and need to replace products recognized as unsustainable.

Could you provide our audience with a final message?
Despite the challenging times we are navigating, we want to continue implementing our "Triple Strategy" to be in good shape for 2025 and beyond to meet market needs effectively. Brenntag will maximize the value of investments made and those to come, ensuring that the markets we serve in Latin America gain a much more significant position within Brenntag. Despite each country's diverse adversities, I am a fervent believer in Latin America due to its talent and business strengths. The region holds significant growth potential; we just need to capitalize on opportunities and persist in making the most of them. ■

JK

MV

Jan Krueder and Matthias Vorbeck

JK: CEO
MV: General Director
QUÍMICA ANASTACIO AND ANASTACIO OVERSEAS

> *Both Africa and Latin America are facing the need for robust logistical and financial support. This is crucial for facilitating trade across diverse markets.*

How did market dynamics in 2023 and early 2024 impact the company's performance?
JK: We achieved double-digit volume and revenue growth. Launching new products frequently has allowed this growth, compensating for slower economic conditions, specifically in Brazil. In 2023, we saw a significant price decline, preventing increased revenue growth despite maintaining high volume increases. During 2023, sectors like base oils, lubricants, paints, industrial processes, and agro and the Argentinian, Brazilian, and Mexican markets showed resilience. As we pass the second half of 2024, we see a gradual price recovery, setting the stage for anticipated double-digit revenue growth fueled by commodity price upticks. The life sciences sectors —specifically cosmetics, pharmaceuticals, and personal care— have emerged as notable performers, demonstrating robust growth rates exceeding broader economic trends.

MV: While initial stockpiles have decreased and demand is resurging, freight rates show signs of decline. We anticipate a market recovery from late August through December this year.

Where do you see potential for organic and inorganic growth?
JK: We are still focusing on organic growth across Brazil, Argentina, and Mexico. Mexico represents a new market, and despite intense competition, our goal is to expand our footprint by leveraging the country's strategic geopolitical alignment with the US and its robust industrial base. Having said this, we are also actively exploring potential acquisitions of an SME on the Pacific coast, potentially announcing it by 2025.

What are the main challenges you see in the jurisdictions in which it operates?
MV: As a trading company, some gaps and challenges benefit us. Both Africa and Latin America are facing the need for robust logistical and financial support. This is crucial for facilitating trade across diverse markets. However, one of our primary challenges lies in talent acquisitions, which is essential for growth and international trade management. To address this, we have intensified our recruitment efforts, establishing dedicated human resources roles focused on identifying and nurturing talent.

How do you envision incorporating AI into your business?
MV: In early 2024, we formed a special committee to explore AI and other technologies in our operations, like pricing strategies, deal monitoring, and logistics optimization. While AI can enhance decision-making through data analysis, it still falls short in understanding the nuanced market dynamics, and lacks the personal connection that is paramount for the business.

JV: Anastacio has an IT team of 20+ focusing on improving efficiency through Robotic Process Automation (RPA) to streamline bureaucratic processes and through power BIs and dashboards to leverage relevant information access for decision making across the 19 market segments in which we work.

What is Química Anastacio's approach to ESG?
JK: ESG is integral to our corporate strategy, with ethics and sustainability being our sixth core values. We aim to be 100% energy-reliant from clean sources and achieve carbon neutrality by 2025. Regarding our portfolio, we have regular targets set by our development team to bring more sustainable products to our offering; recently, we launched a line of biodegradable plastic. We are proud signatories of the UN Global Compact, underscoring our commitment to global sustainability standards. Socially, we prioritize education through initiatives like the Anastacio Institute, focusing on providing second-term education in low-income areas near our facilities. We also engage in various social projects and seek financial support from our business partners to scale these efforts.

What are some of the companies' goals for the second half of this year and 2025?
JK: We aim to improve our market penetration by strengthening our relationship with customers and suppliers, improving continuously the quality of our platform, and expanding our reach. At Química Anastacio, we want to leverage digitization and process optimization for competitive pricing and broader market expansion, especially in the specialty segment.

MV: Our top priorities are people and market growth. We aim to retain top talents and attract younger generations to our trading and distribution teams. We focus on consolidating our presence in Latin America, particularly in Mexico and Chile, while exploring opportunities in Africa and the Middle East. Additionally, we are committed to regaining market share in specific segments facing competitiveness challenges such as acrylates, plasticizers, cellulose, and resins. Our whole team is dedicated to strengthening partnerships with international and European and Western producers, with a focus on EPS, PU, and polyolefin segments. ■

Javier Canala-Echevarría

South America Regional Director
POCHTECA

> *We have a lot of experience in doing business in high inflation countries as well as managing fluctuations in market demand due to political and economic instability.*

What are the main macro trends affecting the chemical distribution segment in Latin America?
The diversification of our business to provide a broad product portfolio to our customers and has been part of our strategy not only in different market segments where we participate but also in our supply chain, developing suppliers from different continents in special Latin America where we see a particular interest in local suppliers and manufacturers.

Pochteca is one of the largest chemical distributors globally. What is the strategy to maintain this position, and what added value do international distributors have compared to local ones?
Pochteca's core value proposition is based on providing customers with a broad product portfolio including environmental and logistics solutions. Our product and service offering to customers includes highly technical solutions with customized formulations to increase our customers´ process performance as well as to provide a reliable supply of commodity product lines. Our unique geographical footprint in Latin America, a diversified product portfolio and access to different sales channels allow us to be able to reach and successfully service our customers across different countries and industrial sectors.

As a local and Latin American owned distributor, we are very familiar will all complexities our continent is facing constantly. We have a lot of experience in doing business in high inflation countries as well as managing fluctuations in market demand due to political and economic instability. This is a competitive advantage as it gives us flexibility and the ability to respond quickly to our customers' requirements in the region.

How could consolidation in the Latin American chemical distribution segment benefit the sector, and what types of companies might be of interest to Pochteca from a mergers and acquisitions perspective?
The chemical distribution market is in constant movement, especially considering that market players face an always challenging supply chain and variable economic and political conditions. Consolidation provides customers access to one-stop shop supply, whilst distributors strive to achieve a more diversified and integrated operation to improve efficiency and reduce risk.

Pochteca has a strong track record of both organic and inorganic growth, with a history of seven successful acquisitions. The Group is always open to consider acquisition opportunities to reinforce its geographical footprint or diversification in a specific segment. Local small-medium size companies are always interesting as long as they align with the Pochteca´s growth strategy and are value accretive.

What is the importance of sustainability from a business and value chain perspective?
Most of our customers are highly conscious of the importance of a sustainable and eco-friendly industrial activity and our company is involved in several of these initiatives. We have an eco-friendly product portfolio in most of our market segments and we provide several environmental solutions to our customers. We have one business division focused on environmental solutions to provide waste management for our customers, including providing collection, classification and final disposal services.

In relation to our customer's processes, we have sustainable initiatives providing a strong positive impact to our customer's industrial value chain, such as solutions for solvents recovery and for coolants recycling. We have several references in different industries where we are providing these solutions to customers.

We also continue to invest in installing solar panels in our sites in order to reduce carbon emissions.

What new technologies is Pochteca leveraging?
Proyecto Cacao is about our digital transformation. Digital transformation is the integration of digital technology into all areas of our business, fundamentally changing how we operate to deliver value to our customers, including accessing the potential of artificial intelligence. It's also about a cultural change that requires our organization to continually challenge the status quo, keep learning and get comfortable with continuous improvement to optimize our processes and ways of doing business.

What are the company's objectives and priorities for 2025?
Key objectives for 2025 include reinforcing the growth and the expansion of our company through organic and inorganic initiatives. Among our priorities are the expansion of our geographical footprint and sales channels, increasing our presence and continuously improving service to our customers.

Pochteca is today present in 11 countries, which provides a great opportunity to generate value through synergies within the group, replicating our product portfolio and business solutions across our operations. ■

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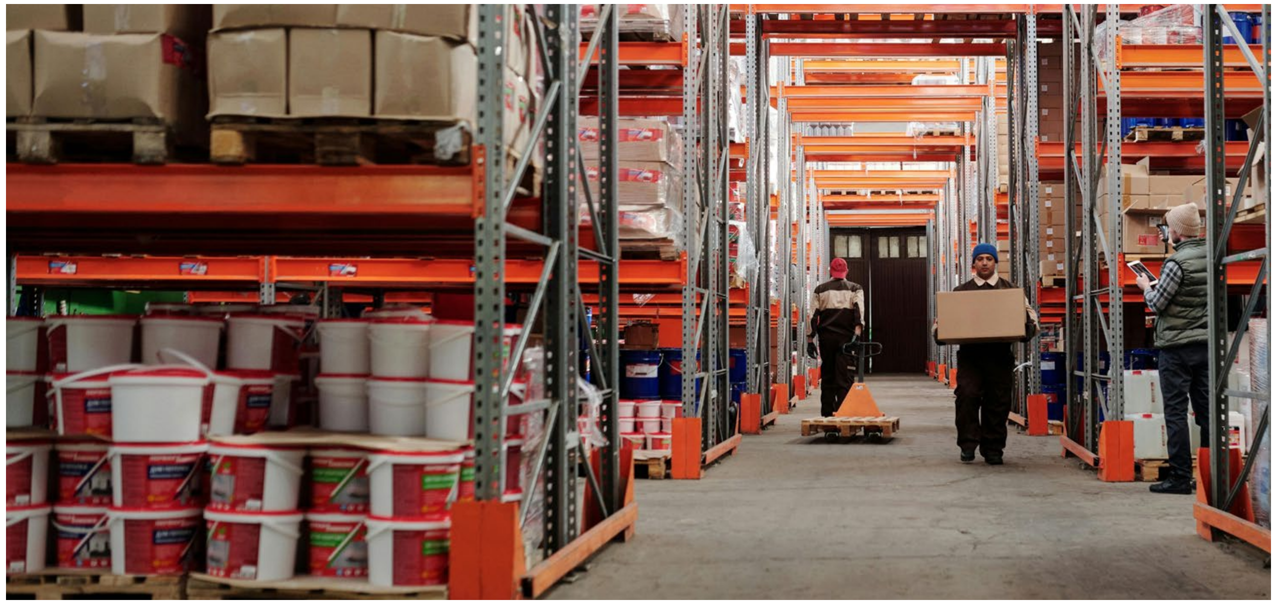

Many distributors still prefer organic growth before M&A. For instance, Jan Krueder for Anastacio shared that even though the company is exploring the potential acquisition of an SME on the Pacific Coast, it is still focusing on organic growth across Brazil, Argentina, and Mexico.

One might wonder if the drop in M&A activity is due to the current unfavorable conditions in the industry or if it is because there is no longer room for further consolidation. The latter seems less likely, as we are still witnessing ongoing activity in the sector. For instance, Stefan Van Loock, region manager of South America at Manuchar, shared with GBR the recent agreement to acquire a majority stake in Proquiel Químicos in Chile to increase the company's turnover in the country four to five times with the goal "To create a synergy that exceeds the sum of its parts—turning `one plus one´ into `two and a half,´ in his words.

On the other hand, when interviewing Alessandro Moraes, IMCD's managing director in Brazil, he explained that in the past year, the company completed 23 acquisitions globally, with 11 in the first half of 2024 alone, adding: "Whether penetrating new geographical areas or branching into different business sectors where we have limited or no presence, acquisitions play a crucial role in IMCD's strategy."

So, no, the market is not yet fully consolidated. However, as the segment continues to consolidate, are there any gaps left or "homeless segments"? According to Francisco Martínez, managing director of GreenChem Industries, there are.

Martínez introduced GreenChem as a US family-owned company whose growth has been entirely organic, a path they plan to follow as they recently stepped into Mexico, establishing an office to leverage the friendshoring trend: "Mexico's petrochemical sector is shrinking, with the country increasingly relying on imports from Asia rather than producing these goods domestically. In this context, the outlook for the distribution sector is positive. When clients request products not manufactured in Mexico, we can source them globally. Often, the finished products are then exported to the US. Nearshoring presents a significant growth opportunity compared to the local chemical industry, as the distribution sector expands by importing products worldwide, reducing reliance on local manufacturing," he added.

On the gaps that M&A leave, Martínez commented: "Often, when an acquisition happens, a new company is born. This consolidation helps improve our industry, fostering institutional companies prioritizing Responsible Care, Responsible Distribution, and SARI. These companies are concerned with addressing industry challenges and the society we serve, so it's better to collaborate with our valued partners and friends on the same playing field [...] With each consolidation, we've seen increased interest from customers and suppliers in new players like GreenChem."

Another distributor with a local focus in Latin America that has traditionally focused on organic growth is Mcassab. The company recently invested approximately R$170 million (about US$30 million) in a new centralized distribution center in Jarinu, Brazil, to enhance specialization within each market segment they serve.

Gustavo Levy Dosualdo, MCassab's director for Brazil, said: "Distribution companies often focus on particular markets where their value lies in their specialized knowledge. However, acquisitions usually bring cultural clashes, which we have observed in the M&A process of competition. We see a common issue like the imposition of foreign cultures, which rarely translates smoothly. For instance, European or American distributors must adapt to the Brazilian market's complexities, including intricate regulatory and fiscal landscapes."

Bandeirante Brazmo is a 100% nationally owned distribution company based in São Paulo. CEO, Carlos Marin, explained that international distributors sometimes struggle to grasp local dynamics, focusing more on metrics: "They often aim to capture significant local market shares, but can struggle with pricing strategies adapted to Latin America. Some find greater profitability in higher-margin markets abroad. In Brazil, maintaining high inventory levels to ensure turnover is crucial, especially given the exchange rate volatility. The recent fluctuation from R$4.17 to R$5.66 per dollar—a nearly 10% change—illustrates this risk," he asserted.

Image courtesy of Tiger Lily at Pexles

Both Martínez and Levy's statements ring true. For example, consider Brenntag's "Last Mile" strategy, which aims to enhance local operations, improve planning efficiency, and better understand customer needs. As German Torres explained: "While Brenntag's size can create complexity, clients want straightforward and agile service. As such, we focus on efficiency, quick responses, and seizing market opportunities to make interactions smoother and more accessible for clients."

» *We aim to offer unequalled service from R&D to After Sales. Chilean companies aiming to differentiate themselves today are not competing on price alone —in my opinion, the era of 'bueno, bonito y barato' ('best buy'), belongs to the past.*

Christophe Jacob, CEO,
Austral Chemicals «

Trading

It is easy to fall into generalizations, especially when trying to synthesize comprehensive reports on an industry as broad as chemicals, and particularly in a region as vast as Latin America. From a business perspective, there are more factors that divide Latin America than unify it. However, these gaps present opportunities for trading companies. Matthias Vorbeck, Anastacio Overseas' general director, said: "As a trading company, some gaps and challenges benefit us. Both Africa and Latin America are facing the need for robust logistical and financial support. This is crucial for facilitating trade across diverse markets."

While Anastacio Overseas started in Brazil and expanded to other markets in Latin America and Africa, another trading company that took the opposite approach is Reuse Trading. According to Tomas Steppe, managing director of the Belgian-based trader, the company found smaller markets in Central America, the Caribbean and Africa easier to grow than larger South American markets like Brazil or Argentina. However, he pointed out that Africa could learn from Latin America's experience with regionally integrated distributors: "The presence of regionally integrated distributors in Latin America, who operate across multiple countries, provides a model for approaching and engaging large, well-established distributors. As Africa's market evolves, adopting these practices could be beneficial for expanding our business there," he concluded. ■

Jorge Hernández

Commercial Director - Mexico
DAXX

Could you briefly introduce our audience to DAXX?
DAXX, a global chemical distributor with worldwide presence, serves diverse markets by helping our sourcing partners efficiently manage and reduce their inventories. Our Latin America approach aligns with the region's raw material production, focusing on agrochemicals.

What developments has DAXX noticed among its Mexican customers?
The pandemic's impact on inventory management in Mexico was significant. Clients realized that goods were often far from consumption centers, causing extended lead times during disruptions. Thus, our clients learned to manage their risks better and became less cautious of direct transactions with Asian companies, leading to increased imports of raw materials from this region.

Another notable development is the integration of Asian manufacturing networks in the northern part of Mexico, something known as nearshoring. Under this strategy, Asian intermediates manufacture in northern Mexico and then benefit from trade agreements to enter the US market.

The third development relates to government policies. The recent federal election suggests continuity in government plans for the next six years, expected to bring stability and confidence, thus attracting investment. The elected President has an ambitious plan to improve national connectivity through infrastructure like roads and railways to integrate Mexico's central and northern regions. This will support the manufacturing and nearshoring industries. Additionally, the Interoceanic Corridor of the Isthmus of Tehuantepec project is expected to boost the southern region.

Where do you see the most growth opportunities within Mexico?
Currently, Mexico shows considerable growth potential in personal care, particularly among younger generations, including more younger men who are breaking the taboo that personal care is only for women. The paints and agrochemicals growth sectors in Latin America is linked to the infrastructure investment, particularly in Mexico. This growth is expected to occur in the coming years, likely around 2025 or 2026, when infrastructure investments are anticipated to increase. ■


SVL


DA


LN

Stefan Van Loock, Dirk Aerts and Lucas Nogueira

SVL: Region Manager South America
DA: Region Manager Central America
LN: Region Manager Brazil
MANUCHAR

Could you give us an overview of Manuchar's business in the Americas over the past few months?
SVL: Manuchar remains a top player in the chemical distribution industry, maintaining a third place in ICIS' top 100 distributors (2023) in Latin America. In this context, our traditional fabric care business is being complemented by our fast growth into new sectors such as animal and human nutrition, home and personal care, mining, energy, crop nutrition and pharma.

DA: In Mexico, Central America, and the Caribbean, besides the industries mentioned by Stefan, we are very much focused on the development of the paper, glass and textile industry. Each region has its own particularities and we make sure our teams are organised and trained to grasp the specific opportunities.

LN: In Brazil, beyond fabric care, Manuchar has an established presence in the paper and pulp, construction, glass, and textile sectors, all of which are exceptionally robust. Our recent acquisitions, including Plury Química, a key player in human nutrition, and Cosmoquímica, with focus on pharma and personal care, among other verticals, are being integrated into our operations.

What can we expect from Manuchar in the next few months?
LN: In terms or organic growth, we see significant potential in human and animal nutrition, the pharmaceutical sector and personal care, which have the possibility of sustaining double-digit growth in years to come.

DA: We will maintain our focus on fabric care while increasing our focus on regional sector-specific growth. We are also actively exploring mergers and acquisitions to expand our company.

SVL: We recently inaugurated a new warehouse for human nutrition in Bogotá, following the July inauguration of the second wing of the human nutrition warehouse in Lima, Peru. We will continue to invest in other new facilities. ■

Francisco Martínez

Managing Director
GREENCHEM INDUSTRIES

» *In the next 12 months, we aim to solidify our presence in Mexico. After that, we will assess whether to expand into Colombia or Brazil with physical offices and warehouses.* «

Can you introduce us to GreenChem Industries?
Throughout its history, GreenChem has experienced steady growth, expanding to 30 locations across the US and 8 in Canada. This expansion was not limited to North America; as soon as the management team noticed that some of our customers in the US and Canada were making similar demands in Latin America, we began selling products in the region. Around the same time, we decided to establish an office in the Netherlands, a crucial move for GreenChem, as more than 50% of our products come from outside the Americas.

Our growth has been entirely organic, and this is the strategy we intend to continue following. For example, we have recently established an office in Mexico, a market we are building from the ground up.

What are the pros and cons of consolidation within the market?
Across the region, we see large companies continuing to consolidate niche and specialty companies as well as major commodities players. For GreenChem, this process is a huge growth opportunity. With each consolidation, we have seen increased interest from customers and suppliers in new players like GreenChem. Our value as a global chemical distributor with local knowledge, speed, and agility helps us capitalize. Often, when an acquisition happens, a new company is born. This consolidation helps improve our industry, fostering institutional companies prioritizing Responsible Care, Responsible Distribution, and SARI. These companies are concerned with addressing industry challenges and the society we serve, so it's better to collaborate with our valued partners and friends on the same playing field.

How does nearshoring benefit Mexican chemical distributors?
Since the signing of the first NAFTA agreement in 1995, Mexico has seen a massive influx of investments, pushing local industries to raise their standards. However, Mexico faces a significant challenge with high energy costs, including electricity, which are diverting investment to places like Texas or New Mexico. While Mexico benefits from its proximity to the US, it competes with other Latin American countries like Guatemala, Costa Rica, and Colombia for nearshoring opportunities.

Additionally, Mexico's petrochemical sector is shrinking, with the country increasingly relying on imports from Asia rather than producing these goods domestically. In this context, the outlook for the distribution sector is positive. When clients request products not manufactured in Mexico, we can source them globally. Often, the finished products are then exported to the US. To capitalize on these opportunities, we have had an office in China since 2018, which helps us find the best match between producers and our customers.

How can distributors help add value in terms of sustainability?
We see the industry, in general, placing a strong emphasis on meeting global commitments to reduce emissions by 2050. The chemical distribution industry plays a crucial role with green or bio-based products and actively contributes to emission reduction throughout the value chain. This includes maintaining inventory close to production, ensuring production is close to consumption, optimizing logistics efficiency, and meeting world-class standards such as those set by ACD and ANIQ under Responsible Distribution and SARI. Human resources and digital transformation play an important role in all sustainability processes.

The challenge with green products is their high cost compared to conventional options. For instance, while bio-based diesel from animal fats or maize is a promising sustainable alternative, its price can be up to three times higher than regular diesel, discouraging widespread adoption. However, there have been successful cases, and we are working with our suppliers and customers to improve adoption.

What is your vision for GreenChem in the region for the following years?
In Mexico, we have a dedicated team focused exclusively on the country. In our headquarters in West Palm Beach, FL, we have a team that manages Latin America, and we also have a representative in Colombia handling the Andean region. In the next 12 months, we aim to solidify our presence in Mexico. After that, we will assess whether to expand into Colombia or Brazil with physical offices and warehouses.

Our approach combines global strategies with local expertise, rather than sending an expatriate to manage operations abroad. This ensures we are deeply embedded in the local culture and market, positioning ourselves to become a leading reference in the regional chemical industry. ■

Eduardo Arus

General Manager Latam
SNETOR

How does Snetor's strategy in Latin America differ from its approach in Africa?
Africa's plastics industry is dominated by companies with significant European, Indian, or Lebanese ownership. On the other hand, Latin America's industrial landscape is primarily composed of factories and businesses run by local entrepreneurs. This difference has led us to adopt a distinct approach in Latin America compared to Africa, where our growth has been mostly organic, supported by strategic acquisitions.

While we manage operations with offices in Africa and a significant portion of our team is based in Europe, our Latin American team is fully local, residing in the same countries as our clients. This hands-on approach, driven by time zone alignment and the need for closer client interaction, allows us to respond more effectively to regional needs and market dynamics.

How would you define Snetor's goals for the following years?
Our mission is to provide the most efficient plastic solutions to support our partners in their innovations, for everyone's benefit. We aim to strengthen our position in the markets where we are already established, consolidating our presence in Africa, expanding in Europe, and increasing our footprint in Latin America. ■

Tomas Steppe

Managing Director
REUSE TRADING

How would you rate Reuse Trading's recent performance in Latin America?
Since expanding into Latin America, we have focused on trading on a back-to-back basis and developing logistics and finance solutions for distributors. We have found that smaller markets in Central America and the Caribbean are easier to grow than larger South American markets. Our focus remains on Central America and the Caribbean for selling and Brazil and Argentina for buying.

How does a Belgian trading company add value in the Americas compared to regional firms?
Our unique value lies in our diverse supplier base across Europe, the Middle East, and India, which allows us to offer alternatives to the heavily China-focused imports in Latin America.

Are you seeing increased trade growth between Africa and the Americas, or is it still in the early stages?
While we have made some progress in developing intra-American trade and reducing dependence on China, our dream is to build strong trade connections between Africa and Latin America, even though there are still significant challenges to overcome. Institutional barriers, such as high import duties and protectionist policies in Latin America, have limited our ability to expand. ■

Carlos Marin

CEO
BANDEIRANTE BRAZMO

Could you introduce GBR's audience to Bandeirante Brazmo?
We are a 100% nationally owned distribution company based in São Paulo, in Mauá region, where our main site hosts around 80% of our operations and covers the state of São Paulo and the southern states. There, we maintain a commercial office, over 60 bulk tanks for handling bulk products, and a warehouse for solid goods. Additionally, we have two other operational branches: one in Simões Filho, Bahia, and another in João Pessoa.

What challenges and opportunities do you see in the Brazilian chemical market?
The Brazilian agro-segment holds strong growth potential. However, Brazil faces long-term infrastructure challenges, especially in transportation, which relies heavily on road networks. Transport costs, sensitive to fuel prices linked to the oil sector and petrochemicals, pose a significant expense, particularly for low-value chemicals, which can account for 15-20% of product costs. Furthermore, Brazil's port infrastructure deficiencies affect chemical importation, causing delays and high demurrage costs due to inadequate facilities. The lack of government incentives for infrastructure development has undermined the chemical industry's growth. To address this, Formitex has invested in port storage facilities supporting the chemical sector logistically. ■

Jorge Buckup

President Latin America
UNIVAR SOLUTIONS

How has the transition to private ownership benefited Univar Solutions?
Apollo Funds, a private equity fund, acquired Univar Solutions in 2023. This acquisition has been incredibly beneficial. Operating as a private company with the support of a private equity fund like Apollo opens up more possibilities for us, including better resource allocation — whether in people, training, development, new capital investments, or acquisitions. As a private company, M&A is crucial for growth, particularly in Latin America, where we constantly explore opportunities and have conversations to identify the best choices for our markets.

Can you provide details on how Univar Solutions' approach to nearshoring benefits its operations?
We have noted that our clients have increased their investments in Mexico, leading to a surge in demand for our product and suppliers. We are closely monitoring these investments to support this uptick and growth plans.
On a broader scale, we are applying similar strategies throughout Latin America. By thinking outside the box, we collaborate more with colleagues across Latin America to increase efficiency and service consistency for global clients.

What role does sustainability play in Univar Solutions' overall strategy and company values?
We have set specific goals to shape our future; for example, in 2023, we have reduced Scope 1 and 2 emissions by 19.9% from our baseline. For the first time, we have established Scope 3 targets to reduce emissions intensity by 15% by 2030, aiming to reach net zero across all scopes by 2050.

What will be Univar Solutions' priorities for 2024?
Our priority for this year and next is to continue growing. This means hitting our target with our supplier partners, expanding our market share, and increasing sales volume profitably. We plan to achieve this by managing our resources wisely, optimizing cash flow, and making strategic investments with discipline while simplifying our operations. ■

N. Adriana Ramírez Millán

Chemical Sales Director
HELM DE MEXICO

In which specific products or areas has Helm experienced the most growth in Mexico in recent months?
In terms of products, acetone remains fundamental to us. Additionally, we have successfully introduced caustic soda, leveraging our logistics capability and relationships with shipping companies to meet market demand. Styrene and glycol are also key products.

What opportunities for expansion are you considering, and in which areas are you focusing for the future, especially regarding nearshoring in Mexico?
We rely on our long-term solid client relationships and established network to capitalize on nearshoring opportunities. While we do not establish physical facilities near factories, our network ensures that our clients and their needs are always connected. This diversification enables us to offer our clients innovative solutions and comprehensive support.

As a family-owned company, does Helm prefer to grow through acquisitions of smaller local companies or seek more organic growth?
So far, we have mainly focused on organic growth, but at the same time we have been to exploring investment opportunities. We are willing to consider acquisitions that complement our strategy, especially those that drive sustainable initiatives, such as producing eco-friendly products. We are adapting to market dynamics and evaluating how we can expand strategically.

What can we expect from Helm de México for the next year, and what are the company's objectives?
For the next year, our focus is to strengthen our relationships with suppliers and customers in terms of business and our commitment to the environment and social responsibility. While economic benefit is crucial, we also care about positively impacting the community and the environment. We aim to actively collaborate with our employees, customers, and suppliers to ensure our business practices are sustainable and ethical. We are open to synergies that benefit all parties involved, including competitors, in pursuit of achieving shared positive outcomes. ■

Adrián Schwartz

President
GRUPO SIMPA

Christophe Jacob

CEO
AUSTRAL CHEMICALS

Gustavo Levy Dosualdo

Director Brazil
MCASSAB

How important is the plastic division for Grupo Simpa?

Grupo Simpa is a leading distributor of raw materials for plastic production in Argentina, with over 50 years of history. The company's sales represent 50% of all plastic distribution in the country. The plastic division faces growth limitations due to the stagnant investment in Argentina's petrochemical industry, restricting us from selling only what is produced locally. In contrast, the motorcycle and tools divisions have limitless growth potential.

How have import restrictions impacted the petrochemical industry in Argentina?

Over the past four years, Argentina's populist government has implemented policies to protect national industries, leading to severe import restrictions and a depletion of the central bank's foreign currency reserves. This made importing goods nearly impossible and deterred suppliers from engaging with the country. However, local distributors like us, who focus on national products, thrived. Typically, 65% of petrochemical plastic sales in Argentina come from national sources, but this figure skyrocketed to 98% in 2023 due to competitors' supply shortages. As a result, we enjoyed record sales while others struggled to secure materials. ■

What has driven Austral Chemicals' growth in the last years?

In 2023, Austral Chemicals experienced a 4% growth, driven by our expanding role as a distributor for specialty chemicals and a producer focused on hygiene products for the food industry (mainly cleaning and sanitization solutions). Despite this growth, our distribution business faced challenges, particularly in the building industry. Sales of polyurethane and paint additives declined sharply, approximately 30%. Conversely, our distribution unit (plastics, packaging, energy, leather, wood and paper industries) performed relatively well due to the launch of innovative and sustainable solutions.

2024's first half has been solid for us, mainly due to our growing hygiene business. Furthermore, the plastic industry, particularly packaging, is experiencing significant growth, buoyed by regulatory developments like the Extended Producer Responsibility (REP) law.

What criteria does Austral Chemicals use to select environmentally friendly technologies and products?

In 2023, we were certified with ISO 45001, 14001, and Responsible Care. I think a sustainability strategy should start within the organization before engaging with clients on these topics. We consistently try to introduce environmentally friendly technologies through the solutions we offer. ■

Where does MCassab operate, and why does the company prefer organic growth?

We operate in Brazil, Argentina, Colombia, Paraguay, and more recently in Uruguay and Chile. Mexico is a logical next step due to its potential, making it an attractive target. We seek initial partnerships to avoid starting entirely from zero and because many partners are interested in expanding into new countries, allowing us to build these connections without acquiring other companies.

What was MCassab's strategy for coping with the current cycle in the chemical sector?

The chemical sector is prone to rapid fluctuations due to political interference, wars, fiscal changes, and geopolitical shifts.

Despite fluctuations, MCassab maintained a positive outlook by focusing on balance: we diversified our portfolio across sectors and balanced between high-value semi-manufactured goods and commodities. While commodity prices have dropped sharply, our more stable high-value products have helped absorb the impact. Something that helped is our emphasis on adding value through services rather than merely selling products. We view ourselves as an integral part of the supply chain, improving operational efficiency, executing specialized tasks and driving innovation. ■

Logistics

SMALL CHANGES CRATE BIG WAVES ACROSS LATIN AMERICA

When various media outlets released footage of the Francis Scott Key Bridge collapse in Baltimore (US) in March 2024, many of us had flashbacks to the 2021 blockage of the Suez Canal in Egypt, which lasted six days. Although the consequences of the bridge collapse will not mirror those of the canal blockage, it highlights how vulnerable different industries and regions are to logistical disruptions on the other side of the world.

More locally, in mid-2023, the Panama Canal Authority had to adjust the daily transit capacity due to a drought that lowered Gatun Lake's water levels. Although the canal was returning to normal levels by mid-2024, authorities are already warning about the long-term impacts of climate change and the challenges of securing water for the canal, as explained by Gabriel Mariscal, business manager at CB Fenton, during the APLA logistics meeting held in Santiago, Chile, in June 2024.

Considering this interconnected mesh that represents the world in a globalized economy, the factors leading to disruptions, and trends such as nearshoring, one might wonder if these trends are beneficial for specific regions.

For example, Grupo Puerto de Cartagena operates the Port of Cartagena, which has an installed capacity of 5 million TEUs and is currently handling around 3.7 million TEUs daily—a figure that has been steadily increasing. According to Giovanni Benedetti, CCO and head of marketing and sales at Grupo Puerto de Cartagena: "While growth might seem positive, it is essential to recognize that it does not always indicate a beneficial situation; the increase in container traffic does not necessarily reflect a booming market; rather, it is a result of ongoing disruptions in maritime routes. I believe everyone would like to grow, but not for all the wrong reasons."

Collaboration and interest between foreign and Latin American ports and governments are gaining momentum,

Image courtesy of Toms Fisk at Pexels

particularly in the areas of best practices for infrastructure development—an area Latin America should prioritize, according to the latest APLA Logistics meeting—and energy transition.

The Port of Antwerp-Bruges International (PoABI) has a partnership with Prumo Logística at the Port of Açu in Brazil. Matheus Dolecki, representative for Latin America, commented that PoABI has another partnership with the Port Management Company of Suriname, and has more recently signed an agreement with the Mexican Navy and the State of Sonora to enhance the Port of Guaymas' energy transition.

Ports can drive decarbonization and improve efficiency by optimizing infrastructure for energy projects and sustainable alternatives. As owners and investors, they can support low-carbon regulations, enhance environmental and safety standards, and facilitate alternative fuel production, storage, and transport.

PoABI has experience in energy transition efforts, having signed and ratified a MoU with Chile's Ministry of Energy to advance green hydrogen initiatives: "Beyond Chile, we are also exploring opportunities in Latin American countries with solar and wind resources, particularly Brazil and Uruguay, where we have concrete projects underway while remaining open to other possibilities," added Dolecki.

Unlike Puerto de Cartagena, PoABI experienced a 5.5% drop in total throughput at the end of 2023 due to geopolitical tensions and slower global economic growth. However, as Dolecki noted, 2024 is showing signs of improvement: "Thanks to the added value of the merger, 2024 has been more positive. In the year's first half, our throughput rose by 3% to 143.2 million tons. The container segment stood out, with a 4.1% increase to 6.66 million TEUs and our market share climbing to 30.8%."

In terms of infrastructure, the Port of Houston, where Latin America accounts for around 32% of the Houston Ship Channel's business, has been developing Project 11, which, according to John Moseley, CCO of Port Houston, is "one of the largest waterway projects in the US, with more than a US$1 billion investment".

The Houston Ship Channel, currently 530 feet wide, will be expanded to 700 feet by the end of 2024, allowing it to simultaneously accommodate both a Suezmax liquid tanker and a Neopanamax container vessel. While the scale of this investment and the ability to handle such vessels is undoubtedly impressive, what truly stands out is the attention it has garnered from Brazilian authorities: "Project 11 has attracted significant interest from international governments, like Brazil, keen to learn from Port Houston and apply similar best practices to its infrastructure projects. Brazil urgently needs to enhance efficiency and streamline regulatory processes to support the development of rail and port infrastructure projects, overcome existing bottlenecks, and foster a more dynamic and efficient logistics network," concluded Moseley.

Another company investing in infrastructure, though on a smaller scale, is Carboclor in Argentina. According to Eugenia de Fazio, general manager, and Nicolás Spinelli, president, the company has been putting much effort into distancing itself from its previous image as a producer to become a logistics service provider, leveraging its knowledge of petrochemical production: "We are repurposing a large portion of our old pre-industrial area assets, previously used for petrochemical production, into expanded logistical facilities. This involves dismantling old infrastructure and completing engineering work to improve storage capacity. Our goal is to build versatile storage tanks and develop infrastructure to support a broad range of logistical services, including barge and truck handling," commented Spinelli, to which de Fazio added: "Our technical infrastructure is flexible, enabling adjustments to tank configurations, internal coatings, and safety measures to accommodate the specific needs of various products, including chemicals and fuels. We manage around 80 tanks of varying sizes, which helps us meet a broad spectrum of client needs. In addition, we have eight independent loading lines and a dedicated LPG installation with a direct dock connection."

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A worthy investment

The Panama Canal's drought issues and Iranian-backed Houthi attacks on vessels in the Red Sea have prompted companies to reroute via the Cape of Good Hope. Fabiano Machion, general manager for South America at NewPort Tank Containers, explained that these factors, along with early purchases, have led to a shortage of ship space and increased competition for available slots: "Consequently, prices surged due to limited ship space, particularly affecting the iso tank sector and heavily impacting Brazil, which accounts for over 90% of South America's volume in this segment," he explained.

HOYER, the world's second-largest tank container operator, shares a similar perspective on Latin America. During an Regional director Paco Koudstaal said: "The region is mainly an import region for chemicals, which is where we at HOYER can serve our customers and their flows of goods, while simultaneously delivering exports from Latin America. The key is to look at the region from a broader perspective, —both the profitability of imports and the challenges of exports, as well as to which region should we position our tanks out of Latin America," he added.

Iso-tanking up for tomorrow

Echoing Koudstaal and Machion, Silvia Ohara, general manager for South America at Bertschi Group, the fourth largest tank container operator, noted that, despite Latin America's smaller size compared to markets like Asia, it is strategically important to invest due to the rising trend of nearshoring: "Global crises like Covid-19 and geopolitical conflict have shifted sourcing dynamics, making it critical to have consistent service levels across regions and shown the importance of reliable logistics partners who can swiftly adapt to changing needs. Flexibility has been particularly valuable in the isotanks market. When one region faces supply issues, another can step in to fill the gap," she added.

According to GlobeNewsWire, the global isotank container market is projected to reach US$355.7 million by 2030, up from approximately US$243.6 million in 2023, with an annual growth rate exceeding 5.6%.

Bertschi views isotanks as an emerging opportunity, mainly as ship capacity decreases. This likely explains why the company has been adding 2,000 tanks annually over the past five years, as noted by Ohara: "They offer an alternative storage solution without bulk storage facilities, addressing multi-sourcing issues. The biodiesel sector is booming in Brazil and globally, and greenfield developments support it. As a significant producer, Brazil will import and consume substantial amounts of catalysts transported via isotanks, producing biodiesel and glycerin as by-products," she asserted.

While Bertschi sees potential for isotanks in Brazil, Suttons identifies growth opportunities in Peru and Chile, particularly for exports. The company also observes early signs of improving demand in Mexico, as noted by Alessandra Torazan, managing director for Brazil: "Overall, Latin America presents substantial growth opportunities, and we view the region as a key area for expansion. Mexico has experienced significant challenges recently, particularly concerning Pemex and the resulting shortage of raw materials. This situation led to a notable decline in isotank usage despite major companies' active market presence. With recent political changes and elections there is optimism that the new government's plans might enable companies to resume exporting their products."

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Martin Sack

Regional Head Americas
LESCHACO

» *Latin America has the advantage of pivoting to different economies and cannot simply align exclusively with one major power over another.* «

What were some of the main milestones Leschaco achieved between 2023 and 2024, specifically in Colombia?
From a business perspective, 2024 started slow, signaling the same trend observed in late 2023. However, since Q2 2024, we noted increasing volumes, leading to a more optimistic outlook for the second half of the year. However, we are still facing a complex and delicate global environment, and according to our customer's forecasts, we do not anticipate a full recovery before 2025 or even 2026.

Internally, a significant focus for Leschaco remains the integration of our Colombian entity following the acquisition of the Coltrans group at the end of 2022. In June, we announced the strategic decision to rename four out of the five acquired companies. The fifth entity, our customs agency, will be rebranded by mid-2025 since we are prioritizing its AEO (Authorized Economic Operator) certification process. We aim to become a recognized logistics leader for the chemical industry in Colombia and extend our influence into the whole region.

Where do you see the potential for growth in Leschaco's business?
In Mexico, for instance, the nearshoring boom and a robust automotive sector have driven significant growth in 2024. Similarly, the pharmaceutical industry represents a great opportunity for us to grow. The chemical, pharmaceutical, and automotive industries demand more than just quoting a freight rate; they require high-level operational excellence, specialized market expertise, and product knowledge. This reflects Leschaco's core strengths: leveraging our experienced team across all regions, offering integrated solutions for complex logistics challenges.

What other global trade opportunities do you see for Latin America besides nearshoring?
The US/China trade conflict will keep having an important impact on the global economy. It is interesting to see how Latin America strives to balance its interests rather than just aligning exclusively with one major global player. Over the last decade, the trade between China and Latin America has been growing significantly despite the US maintaining its position as the primary trade partner for most Latin American countries. Additionally, I think there is a lot of potential in other trade agreements, like the one between Mercosur and the European Union. Latin America has the advantage of pivoting to different economies and cannot simply align exclusively with one major power over another.

How has the Lighthouse project been advancing so far?
The Leschaco Lighthouse product has proven to be a great technology for supporting our customers by enhancing supply chain visibility and reducing additional costs in today's complex environment. Supply chain disruptions occur across shipping and port operations, and minimizing unforeseen expenses and delays is crucial.

Lighthouse is not just a technological tool. This umbrella that let us offer 4PL and LLP services represents and embodies a comprehensive solution supported by a dedicated team. Combining technology with human expertise to introduce new customer-centric products has driven substantial regional growth, moving beyond just local strategies. As such, we can offer regional solutions on a unified platform. We have received positive feedback from our customers using Lighthouse, and I think it will remain a pillar for our growth opportunities in the coming years.

What is Leschaco's approach towards sustainability discussions with other stakeholders?
This topic has a two-layer approach. Internally, in 2022, we have launched the road to zero emission initiative as part of our Big Picture strategy, which focuses on achieving CO2 neutrality across our organization by 2030. This includes plans for our facilities, vehicle fleet, electricity usage, and even travel behaviors. We are already providing transparent data and information to both our customers and business partners, letting them track our progress. Leschaco recognizes that the path to climate neutrality is a permanent and important task, and the company is committed to constantly challenging its operating habits and improving where possible.

Externally, discussions about sustainability include engaging with our customers and stakeholders like shipping lines, trucking companies, and warehouse operators to see how we can make the entire supply chain more sustainable. I think these discussions are an interesting approach to sharing different insights on sustainability and fostering collaboration and exchange of information, specifically under growing pressure from the industry and the governments. ■

Álvaro Pérez

President
VOPAK BRAZIL

» *In Latin America, there is significant potential for green ammonia and hydrogen projects, however, the full-scale development of these will depend on market demand.* «

What were Vopak's focus areas over the last few months?
In 2023, Vopak worldwide has made significant progress towards its strategic goals. This includes improving financial and sustainability performance, expanding presence in gas and industrial terminals, and transitioning towards new energies and feedstocks. Notable global achievements include a strategic green field export terminal in Northwest Canada for LPG and growth in LPG storage in India. These milestones align with Vopak's broader target of investing EUR 1 billion to expand its industrial and gas terminal footprint by 2030.

In Brazil, we have repurposed some of our existing capacity to store renewable feedstocks, where we hold a dominant market share in heated capacity to handle bio-based feedstocks like animal fat, used cooking oil, among others. We are committed to advancing this initiative further.

Can you discuss how Vopak is improving its terminal in Alemoa?
Over the past years, we have been working on increasing the storage capacity of the Alemoa Terminal. The commissioning process is expected to be completed by the end of 2024. This expansion, combined with the one completed in 2020, has increased the terminal's capacity by 70%. Our future plans include expanding storage capacity for renewable feedstocks, second-generation ethanol, among others. One of our major upcoming projects is to introduce rail access at the Alemoa Terminal for the first time, a project being developed with other players of the port. This is expected to significantly impact the liquid market in Brazil and is projected to be fully operational within the next three to five years.

Could you explain how Vopak stays ahead regarding technology with some examples?
We are always looking to incorporate cutting-edge technology into our operations. To achieve our goal, we focus on developing sustainable terminal infrastructure, investing in environmentally sound technologies, and digitally transforming our company. Our design process incorporates new digital technologies and emphasizes selecting the right materials for longevity. We also introduce technology to identify and prevent risks earlier, enabling remote work and reducing potential risks for employees and contractors.

Two notable achievements include the development of Vopak's operational system in-house, known as MyService, and a recent pilot project with Google to leverage their AI software. MyService is now used in most of our terminals globally, while the AI project aims to improve decision-making and enhance proactive measures in the field.

How has the "Go Alemoa Go" project impacted the lives of young people near Alemoa?
The Vopak WeConnect Foundation promotes volunteering in Vopak communities to create a better future for young people. We empower young individuals, encourage collaboration, and support projects aligned with Vopak's sustainability roadmap to make local communities more sustainable.
In Brazil, it is embodied by the "Go Alemoa Go" initiative, which aims to empower young people by connecting them to the world through education and skill-building programs they would not normally have access to. One of the communities we support is Vila Alemoa, next to our terminal, where we provide practical knowledge and opportunities for their residents through structured events and training sessions. For instance, we partnered with a professional photographer to teach photography to aspiring local artists. Today, some young photographers are hired to cover our events, turning a simple workshop into a potential career path.

How would you describe Vopak's forward-looking approach?
Vopak will continue to focus on its strategic priorities, which revolve around improving financial and sustainability performance, expanding its industrial and gas terminals, and transitioning towards new energies and sustainable feedstocks.

In Latin America, there is significant potential for green ammonia and hydrogen projects. This is due to the region's favorable climate, strategic location, and Vopak's more than 20 years of experience in storing ammonia at six locations around the world. However, the full-scale development of these projects will depend on market demand. Currently, we are closely monitoring Europe's progress in driving these initiatives. Vopak is preparing to take action when the timing is right, especially in countries like Chile and Brazil, where we are actively engaging with stakeholders and governments.

Given the growing world population and the need for decarbonization, we anticipate increasing demand for our independent infrastructure solutions. With our unique global network of strategic locations, highly skilled personnel, and long-term partnerships, we will continue to transform our portfolio to position our company for the future. ■

Paco Koudstaal

Regional Director Latin America
HOYER GROUP

Are you looking to establish local offices in each country?
Our regional HQ is in São Paulo, but we operate with agents throughout Latin America. We are at a crossroads: working with agents plus parallelly establishing our own and more direct presence in some countries to build a stronger operational and commercial network.

Latin America is filled with opportunities and very diverse. Each country requires a tailored approach. Brazil shows tremendous growth potential, and Argentina is also very promising, especially with the export of newer products like biofuels. Colombia is another area of interest for us as the market is growing fast and it has lots of opportunities. On the other hand, while Mexico is in Latin America, is a large-developing country closely tied to the US, which also presents several opportunities that we will approach together with our US office.

What distinguishes HOYER from other tank container companies?
We want to set ourselves apart by offering diverse liquid logistics solutions tailored to meet different needs. While we are among the largest tank container operators with a vast fleet of isotanks, our services go beyond that. We also have tens of thousands of Intermediate Bulk Containers (IBCs) to facilitate the domestic transportation of products across various points, which, unlike isotanks, are mainly used for international trade. Moreover, we are one of the few tank-operators that offer flexitanks, a cost-effective alternative for specific non dangerous chemical and food shipments. We can serve any specification and volume by different means of containers.

We are also looking at investments into isotank depots in the region, adding another layer to our services. The idea is to position the HOYER Group as a one-stop shop in Latin America, enabling us to support the entire supply chain more effectively. ■

RL

HC

Raquel Loanda and Helio Coelho

RL: Managing Director LATAM
HC: Director of Global Chemical Sales Latin America
PSA BDP

What challenges do your customers face, and how can you help them overcome them?
HC: A recent survey highlighted that 81% of our chemical customers view trade wars, political instability, and data gaps as top risks in their supply chains. Recent examples include the floods in southern Brazil and drought conditions affecting the Panama Canal. These challenges push companies to invest in advanced analytical and insight capabilities for improved risk management and predictive analytics has become essential in navigating this turbulent environment. The integration of PSA and BDP has further expanded the company's capabilities, bringing together PSA's expertise in deep-sea, coastal, and inland terminals with BDP's supply chain, transportation, and trade compliance solutions, thereby offering a comprehensive service with extended geographic coverage.

How do PSA BDP's digital tools, like Risk Monitor and Smart Suite, improve customer experience and operational efficiency?
RL: PSA BDP introduced Risk Monitor, a digital tool that offers proactive risk management insights for navigating challenges like supply chain disruptions, earthquakes, and severe weather. Additionally, PSA BDP provides advanced tools such as Smart Navigator, which utilize artificial intelligence to improve customer visibility and tracking, and Smart Suite, offering visibility into documentation for up to two years, customizable reports, alerts, and strategic insights on transit times and carrier performance. Smart Navigator improves customer control with predictive ETAs, using AI to account for factors like port congestion and global disruptions.

How is PSA BDP strengthening its footprint in the region?
HC: As investments increase in these regions, PSA BDP aims to double its operational size in key countries, including Brazil.
RL: We are making significant progress in our plans to enter the Mexican market and anticipate sharing positive developments soon. Additionally, we are enhancing our presence in Panama. ■

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After reading so much about isotanks, you might wonder what it is that drives the strong demand and positions them for future growth? According to Jean Felipe Albuquerque, Den Hartogh's Latin America general manager, it is the sustainability component: "In the Americas, we face significant competition from other packaging types, such as drums, IBCs, and flexitanks. Despite potential shipping cost differences, isotanks provide superior environmental and safety benefits over flexitanks, typically disposed of after use, leading clients to increasingly prefer isotanks for their environmental advantages," he explained.

A(I)-strolabe: the modern starts
So far, we have covered key points: logistical disruptions, port infrastructure gaps, freight rates, limited ship space, and sustainability. Many of these issues are interconnected, which is why companies are investing in new digital tools to address future challenges. "A recent survey highlighted that 81% of our chemical customers view trade wars, political instability, and data gaps as top risks in their supply chains. Recent examples include the floods in southern Brazil and drought conditions affecting the Panama Canal. These challenges push companies to invest in advanced analytical and insight capabilities for improved risk management, and predictive analytics has become essential in navigating this turbulent environment," commented Helio Coelho, PSA BDP's director of global chemicals sales in Latin America.

The company introduced Risk Monitor, a digital tool providing proactive risk management insights for navigating supply chain disruptions and climatic events. Additionally, My Navigator leverages AI to enhance the customer experience. "My Navigator improves customer control with predictive ETAs, using AI to account for factors like port congestion and global disruptions, similar to how Waze updates travel times based on real-time conditions. This predictive capability aids in better planning and reduces inventory costs," added Raquel Loanda, managing director of PSA BDP.

Matthew Costello, CEO of Voyager, noticed inefficiencies in maritime operations, especially with data sharing and analysis. He founded Voyager Portal, a software company designed to help commodity traders and manufacturers manage and predict voyage and demurrage costs to address these issues. The platform provides flexible solutions that can be purchased individually or as a bundle.

Costello, through Voyager, sees a solution for the freight market's consolidation and rising costs: collaboration between companies on similar trade lanes with non-competing products, focusing on sharing space rather than competing for it: "Companies often miss opportunities to optimize their shipping operations by bundling cargoes or combining contracts with other companies. Voyager tool can suggest optimal bundling scenarios by consolidating shipments into fewer voyages," he explained. ■

Image courtesy of Carboclor


EDF


NS

Eugenia De Fazio and Nicolás Spinelli

EDF: General Manager
NS: President
CARBOCLOR

»We want the industry to recognize our evolution from a petrochemical provider to a comprehensive logistics service provider.«

Could you briefly introduce Carboclor?
NS: Carboclor has undergone a significant transformation in the last few years, shifting from production to a dedicated logistics terminal under ANCAP's ownership. We have invested heavily in infrastructure to support its new role, including installing heating systems for tanks, developing exclusive pipelines, and upgrading its dock on the Paraná de las Palmas River. Today, the entire tank park, once satellite storage for liquids and gases, is fully dedicated to providing tailored logistical services to clients. Around one-third of our storage is occupied by petroleum derivatives, another third by industrial by-products, and the remaining third by fuels, totaling around 45,000 cubic meters of capacity.

EDF: One of Carboclor's key competitive advantages as a newly converted logistics service provider is its ability to offer highly customized solutions to clients, ranging from storage requirements as small as 400 m³ to much larger volumes. Our technical infrastructure is flexible, enabling adjustments to tank configurations, internal coatings, and safety measures to accommodate the specific needs of various products, including chemicals and fuels. We manage around 80 tanks of varying sizes, which helps us meet a broad spectrum of client needs. In addition, we have eight independent loading lines and a dedicated LPG installation with a direct dock connection.

What are you doing to showcase this shift in Carboclor's business?
NS: We are repurposing a large portion of our old pre-industrial area assets, previously used for petrochemical production, into expanded logistical facilities.

EDF: While Carboclor is widely recognized for its past, its recent shift to a logistics-focused model has not been as well-publicized. We are working on a new website to showcase Carboclor's change from its production focus to its current role as a logistics service provider.

How can Carboclor sustain and expand its growth in the future?
NS: The terminal has the potential to expand its storage capacity by more than four times. Our organic growth will focus on gradual expansion based on market needs rather than aggressive capital investment.

EDF: One of Carboclor's most significant assets is its strategic location. Located in Campana, on the Paraná de las Palmas River. The area, including Zárate, Campana, Pilar, Garín, and Tortuguitas, represents Argentina's highest concentration of chemical industry activity. We can provide upstream and downstream logistics services for other industrial hubs like Rosario and San Lorenzo. Even at full capacity, we are dedicated to developing new business lines in logistics management, particularly dry goods and specialized storage solutions.

How did COVID and technology change Carboclor's business?
NS: Before Covid-19, Carboclor mainly stored raw materials like solvents and chemicals, filling about three-quarters of our capacity. The pandemic significantly disrupted the domestic market, leading to major changes in our operations. As the market recovered post-Covid, demand for industrial products increased, but now only 30-35% of our storage capacity is filled. We changed our strategy to maintain a diverse product range and evolved from a logistics provider focused on the domestic industry to one that prioritizes export services.

EDF: Technological advancements are valuable when paired with cultural and organizational shifts. In the medium term, we want to implement load planning and scheduling systems to reduce truck waiting times at the terminal and pass these savings to our customers. This will help us cut logistical costs and potentially offer integrated storage and distribution services in collaboration with logistics companies.

Do you have a final message for GBR's audience to help them learn more about Carboclor?
NS: As we reposition Carboclor, we want the industry to recognize our evolution from a petrochemical provider to a comprehensive logistics service provider. This is not a complete rebranding because we are not starting from scratch; we will retain our existing logo and our experienced longstanding employees, a key part of Carboclor's identity.

EDF: In 2024 and 2025, Carboclor plans to grow its market presence and communicate its new identity. We are dismantling the old chemical plants, redesigning our offices, and launching a new website to reflect the new cultural and operational focus. Alongside our tank and port facilities, Carboclor now provides comprehensive logistics services, including container handling and specialized storage solutions. ■

Giovanni Benedetti

Chief Commercial Officer &
Head of Marketing and Sales
GRUPO PUERTO DE CARTAGENA

How has the Port of Cartagena evolved over the years?
In 1993, the Port of Cartagena handled around 86,000 TEUs per year; today, we are around 3.7 million, with an installed capacity of 5 million TEUs.

To foster growth, we acquired 10 hectares next to our Contecar terminal for upcoming investments. We have also secured 120 hectares in the Bay of Cartagena for the future development of a terminal with the potential to handle between 5 and 7 million TEUs. In the short term, we are focusing on expanding the capacity of our Manga Maritime Terminal, aiming to add another 500,000 to 600,000 TEUs.

Why is Cartagena so relevant for the region?
Cartagena is home for the petrochemical cluster of Colombia. As a result, about 70% of our exports are tied to the chemical and petrochemical sectors. Unlike other regional hubs, Cartagena stands out as an independent port, a big advantage, as it means we are not tied to any shipping line or multinational port operator, which allows us to provide services to multiple carriers on an equal footing. ■

Matheus Dolecki

Representative - Latin America
PORT OF ANTWERP-BRUGES

What are the key sectors and products of focus for the port in Latin America?
Latin America accounts for nearly 9% of our total throughput. We are the leading North European port for Latin America, holding a 39% market share in container traffic to and from South America. Our focus in the region includes the cold chain segment, especially fresh fruits. Key countries for us are Ecuador, Costa Rica, and Colombia, but we also handle significant volumes of coffee, plywood, steel, and chemicals, particularly from and to Brazil.

Latin America's abundant natural resources make it a strategic region for our sustainability and energy transition goals, with the potential to become a significant producer of green hydrogen and its carriers.

What are some examples of new technologies implemented at the Port of Antwerp-Bruges?
One example is APICA, our digital twin of the port. This system integrates various management tools with sensors, autonomous drones, and intelligent cameras to provide real-time data. It helps improve security, facilitate remote inspections, and detect oil spills or pollutants, enabling quicker and more informed decisions. ■

John Moseley

CCO
PORT HOUSTON

How is Port Houston evolving in its annual cargo handling capacity?
Port Houston sits within the largest port complex in the US. The Houston Ship Channel is the busiest in the US by waterborne tonnage, with as many deep-water ships coming in and out as ports in New York, Los Angeles, and Long Beach combined. In 2022, the Houston Ship Channel moved 293 million t of cargo, representing a growth of 27 million tons between 2021 and 2022. Over 70% of the cargo moving through the Houston Ship Channel comprises chemicals, hydrocarbons and energy-related products.

How important is Latin America in trade?
Latin America represents about 32% of the Houston Ship Channel's business, making it the largest region of its port's international trade. Brazil stands out as a key opportunity in the shifting trade environment influenced by geopolitical factors.

Can you shed some light on Project 11?
Currently 530 feet wide, the Houston Ship Channel will be expanded to 700 feet, making it possible to accommodate both a Suez Max liquid tanker and a Neopanamax container vessel simultaneously without restrictions beginning later this year. ■

Matthew Costello

CEO
VOYAGER

What are the challenges in maritime transportation that led to Voyager?
The bulk marine transportation of chemicals faces challenges such as limited shipping options, high freight rates, cargo contamination risks, damage, and severe port congestion, resulting in high demurrage fees.

This insight led my co-founder and I to start Voyager Portal (Voyager), a software company that helps commodity traders and manufacturers understand, control, and predict voyage and demurrage costs. By integrating Voyager into their operations, charterers can manage these variabilities and risks more effectively, allowing for improved control, forecasting, and planning of their supply chains.

Around 250 companies use Voyager, including carriers, brokers, agents, surveyors, and manufacturers. Our customer portfolio spans various sectors, such as dry cargo, break bulk, LNG, crude oil, petrochemicals, and specialty chemicals.

Can you explain the importance of structuring demurrage data and the insights it can provide?
Understanding demurrage risk and cost starts with really understanding the data behind documents detailing port activities, contractual clauses, and negotiation. When this data is structured, it can provide valuable insights and patterns that are crucial for planning and predicting future demurrage costs. While you cannot change inherent issues, like congestion at the Port of Santos, the data can reveal the probability of demurrage at different terminals, the average wait times, and the causes of delays.

A unique approach Voyager has taken is the ability to turn your clauses into if/then statements that a system can read. We are able to apply clauses directly to voyage documents like SoFs to determine if time should be deducted and, if so, how much. This capability allows our customers to quantify the financial impact of every clause in every contract then run scenarios on how different contracts may perform on different lanes from a demurrage standpoint.

Understanding the relationship between clauses and events can help negotiate terms, potentially achieving significant financial savings. ■

Fabiano Machion

General Manager - South America
NEWPORT TANK CONTAINERS

How did the H2 2023 and H1 2024 unfold for NewPort Tank Containers (NewPort)?
NewPort saw a significant shift marked by stabilizing maritime freight rates in the past year, providing more predictable tariffs. However, global issues, particularly in the Red Sea, disrupted ship allocations from November 2023. This, coupled with early purchases and worldwide tax concerns, resulted in a shortage of space on ships and increased competition for available slots. Consequently, prices surged due to limited ship space, particularly affecting the ISOtank sector and heavily impacting Brazil, which accounts for over 90% of South America's volume in this segment. Despite these challenges, the market adjusted gradually. As such, 2024 began with companies striving to be more competitive. While there was a drop in volume due to decreased industrial consumption globally, this was counterbalanced by maritime freight and space availability.

What is NewPort's ISOtank fleet, what benefits do they offer, and do you foresee growing demand for them?
NewPort has a fleet of over 40,000 containers worldwide and continuously invests in fleet expansion. Since mid-2023, more than 3,000 containers have been added, reflecting Newport's confidence in market growth and the importance of maintaining a modern fleet.

Demand for ISOtanks in Latin America has been high since 2023. The reduction in available containers has led to a shortage for existing businesses and attracted new clients seeking to ship to different locations. The demand for ISOtanks is anticipated to exceed supply throughout 2024, making strategic partnerships and contracts essential to ensure volume and profitability. The growing demand inherently boosts competitiveness, attracting numerous new operators to the Brazilian market. However, not all these operators are familiar with local operations or have established client relationships, adding a layer of complexity to the market dynamics. ■

Jean Felipe Albuquerque

General Manager – Latin America,
DEN HARTOGH LOGISTICS

What role did low freight rates and near-shoring play in changing market dynamics?
The intra-Americas market has always been robust, constituting 40% of our business today. In 2023, we saw heightened Asian exports to the Americas, spurred by overproduction and competitiveness in Asia, impacting intra-American trade. However, starting from April 2024, with rising freight costs from Asia to the Americas, we are seeing a resurgence in intra-Americas movements. Additionally, we have resumed business activities in Argentina following the change of policies under Milei's government. We are witnessing significant growth in import demand and refocusing on export opportunities, marking a return to a market that had previously been less prioritized.

We also observed substantial flows of chemicals and ISOtanks in Mexico, producing goods for the US.

How does Den Hartogh assist major chemical clients in strategizing their supply chains?
For instance, we provide inventory management services, ensuring client's safety stock levels—both in transit and physical storage—are maintained. This proactive approach helps prevent plant shutdowns, which would be detrimental to their operations. ■

Alessandra Torazan

Managing Director
SUTTONS BRAZIL

What is Sutton's fleet of isotanks, and where do you see growth potential?
Suttons operates a global fleet of around 14,000 isotanks. We focus on standard T11 isotanks for transporting chemicals and petrochemicals, but we also manage gas, specially lined, baffles, heated and bespoke isotanks. Our goal is to be a top 10 tank container operator, with plans for fleet renewal and acquisition of new equipment to meet increasing demand. Latin America presents substantial growth opportunities, and we view the region as a key area for expansion. We have recently launched operations in Peru and secured a partnership in Chile.

What's the added value that Suttons brings to the table?
We ensure that operations meet local and international standards, minimizing risks of non-compliance and mitigating potential delays or extra costs. We prioritize safety through rigorous training programs for employees and clients and use state-of-the-art equipment to reduce accident risks. To ensure flexibility, we offer leasing and long-term contract options for isotanks, enabling us to provide tailored, global service for any destination and duration. ■

Silvia Ohara

General Manager South America
BERTSCHI GROUP

What are Bertschi's capabilities in terms of its fleet, and what is your outlook for isotanks?
Bertschi continues investing in its fleet and currently ranks fourth in fleet size, according to ITCO. We plan to keep this momentum, adding an average of 2,000 tanks yearly over the past five years.

We see isotanks emerging as an opportunity, especially when ship capacity decreases. They offer an alternative storage solution without bulk storage facilities, addressing multi-sourcing issues. Significant opportunity exists, particularly for dangerous cargo and the biodiesel market's expansion. The biodiesel sector is booming in Brazil, and greenfield developments support it. As a significant producer, Brazil will import and consume substantial amounts of catalysts transported via isotanks, producing biodiesel and glycerin as by-products.

What is one of the major problems the industry faces in Brazil?
A major challenge is infrastructure. Due to weather disruptions, the congestion at key ports such as Santos and problems in Navegantes, Rio Grande, and Santa Catarina significantly impact logistics and highlight the need for collaborative solutions across the value chain. ■

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