Brazil’s chemistry suffers from the ongoing crisis

Brazil is one of the largest chemical producers in the world. In Latin America, the country is the undisputed number one. The Brazilian chemical industry is ranked 10th worldwide with a turnover of 80.8 billion euros in 2018. However, the persistent crisis has also left its mark on the chemical industry. In the last 10 years, production has grown by just 0.2 percent a year. In the last 5 years, however, it shrank by just under 2 percent per year. However, Brazil’s chemical consumption increased and amounted to around 109 billion euros in 2018.

The difficult economic situation is also reflected in the investments made by the chemical industry in Brazil. While investments increased by 8.1 percent compared to the previous year in 2017, in 2018, they fell by 10.6 percent compared to the previous year to now 2.1 billion euros.

FOCUS ON RAW MATERIALS CHEMISTRY

Brazil’s chemistry is broad. However, the focus is clearly on commodity chemicals and industrial fine and specialty chemicals. The resource wealth of the country favors the production of petrochemicals and polymers. Pharmaceuticals play only a minor role with a share of 14.1 percent. The Brazilian trade balance with chemicals was clearly negative with a minus of 28.8 billion euros. In recent years, imports have been rising faster than exports. In 2018, no sector was able to achieve trade surpluses. The largest share of the country’s exports can be linked to the polymers and the petrochemicals, each accounting for roughly 26 percent, followed by the fine and specialty chemicals. For imports, inorganics come first, closely followed by pharmaceuticals.

MOST IMPORTANT PARTNER OF GERMANY IN LATIN AMERICA

In 2017, the German chemical industry exported goods worth just under € 2.6 billion to Brazil. This was around 1.3 percent of German chemical exports. Conversely, however, only 0.3 percent of German chemical imports came from Brazil. These were chemical goods worth 349 million euros. The German chemical trade balance with Brazil was therefore positive. Despite its low value - within Latin America, Brazil is by far Germany’s most important trading partner.

German chemical companies also have production and sales sites on site. Direct investment by German chemical companies in Brazil in 2017 amounted to more than 2.4 billion euros. In total, 50 subsidiaries of German chemical companies were active in Brazil. Together, they generated sales of around 7 billion euros and employed 20,000 people.

**STRUCTURE OF BRAZIL’S CHEMICAL SECTORS**

**shares in percent, 2018**

- Petrochemicals: 15.6%
- Polymers: 26.4%
- Fine & Specialty products: 25.5%
- Inorganic basic chemicals: 5.5%
- Pharmaceuticals: 14.1%
- Detergents and personal care products: 12.9%

**BRAZIL’S TRADE BALANCE FOR CHEMICALS**

in billion euros, 2018

- Chemistry/Pharmaceutical: -28.8
- Pharmaceuticals: -8.5
- Inorganic basic chemicals: -7.9
- Petrochemicals: -5.1
- Fine & Specialty products: -4.1
- Polymers: -3.0
- Detergents and personal care products: -0.2

**Sources:** Chemdata International, VCI