

Brazil Chemicals Industry Guide



Capital: Brasília
Population: 214 million (2021)
GDP: US\$ 1.61 trillion* (2021)
Currency: Brazilian Reals (BRL)
Language: Portuguese

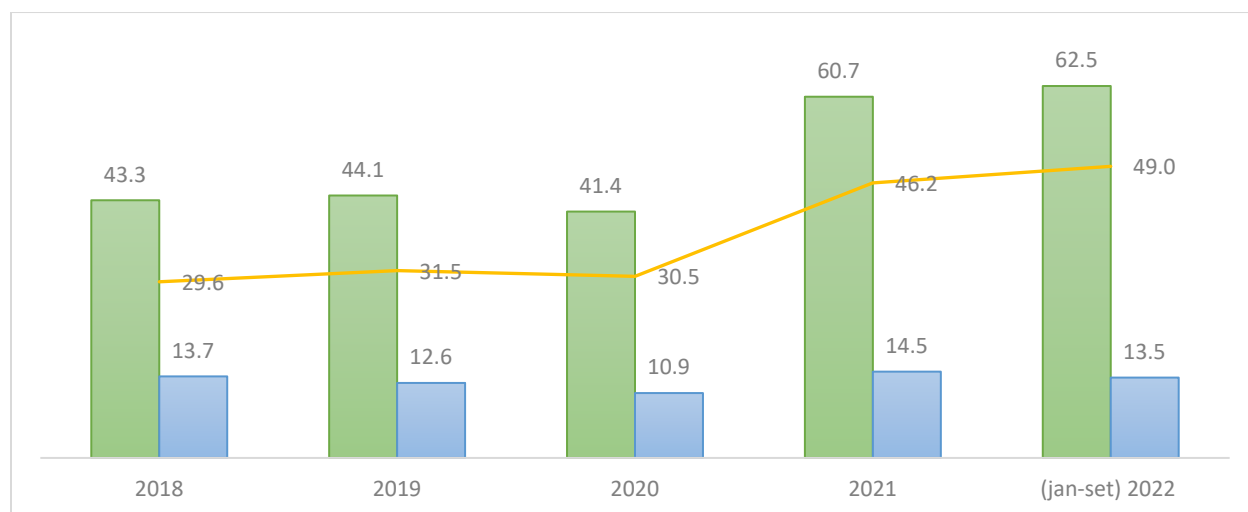
Chemicals

Brazil's demand for chemical imports remains extremely high, presenting exciting opportunities for U.S. companies ready to export. In the past 30 years, Brazilian chemical imports have increased by more than 1,200%. Traditionally, the Brazilian chemical industry has been very receptive to American chemicals imports. Both Brazilian importers and distributors are continually seeking new suppliers, particularly from the United States, which enjoys a reputation for high quality products often coupled with competitive prices.

Brazil suffers from a process of deindustrialization since the 1980s, which creates opportunities for American companies to fill the lack of domestic production. Big traders and producers cover a lot of the high volumes with long commercial contracts for the commodities, but there is room for chemical specialties for the sub-sectors of pharmaceuticals, cosmetics and the food industry. Some examples of products would be chlorine, caustic soda, hydrochloric acid, sulfuric acid, sodium chlorate, sodium carbonate, sodium bisulfate and calcium hypochlorite.

Yearly Two-way Trade Data for Brazilian Chemical Market (Values in Billion USD)

Year	Imports	Exports	Deficit	Variation
2018	43.3	13.7	29.6	
2019	44.1	12.6	31.5	6.4%
2020	41.4	10.9	30.5	-3.2%
2021	60.7	14.5	46.2	51.5%
(jan-set) 2022	62.5	13.5	49.0	6.1%



Source: Brazilian Chemical Industry Association (ABIQUM)

The sector proved to be quite resilient during the pandemic, with significant increases in 2021 and 2022. In the first nine months of 2022, chemical imports have surpassed their total for 2021. The increase is due to higher demand, as well as a significant increase in chemical prices.

Chemicals used in the agribusiness sector are key to Brazil's economy. Annually, Brazil imports 85 percent of its total fertilizer needs. The Russian invasion of Ukraine has substantially elevated the risk of disruption to the global fertilizer trade. There is rising concern that Brazil may not be able to expand soybean and corn production in the 2023/24 season. If there is a disruption to potash imports, Brazil will also likely see lower yields. In recent months, Brazil has engaged in international diplomacy, striking deals with Iran and Russia to maintain fertilizer flows, since it is considered an intermediate input for food production and is not included in U.S. economic sanctions against those two countries. To reduce the sector's dependence on imports, the Brazilian government has also developed a National Fertilizer Plan, though the implementation is expected to take decades. Brazil imports almost 96 percent of its nitrogen (all of it from Russia), 55 percent of its phosphorus, and 97 percent of its potassium. Brazil has natural gas resources that it can use to make domestic nitrogen-based fertilizers. Russia is Brazil's only supplier of ammonium nitrate. In its National Fertilizer Strategy, Brazil identified the United States as a potential source for ammonia and urea imports.

The large deficit in local production of chemicals has alarmed specialists and associations, who are looking for alternatives to increase production domestically, but no relevant public policy has been presented thus far by the government to boost national production. Quantities imported have not experienced a big increase, but prices have increased, primarily in inorganic chemicals. Additionally, domestic production is trending downward, primarily due to significant bureaucratic hurdles to produce locally, and the high cost of energy in Brazil, opening a good opportunity for American products. Exports are lower due to economic difficulties for traditional partners.

A large sub-sector with increased demand is organic chemicals for agribusiness. The United States and Asia are both filling this demand. Due to the variation in prices, Brazil has also increased its chemical exports significantly, primarily to neighboring Mercosul countries.

Chemicals comprise a large part of Brazil's GDP with 11.2%, only behind petroleum and food & beverage. The main industry sub-sectors are prepared products for industry, thermoplastic resins, basic petrochemicals, organic chemicals and fertilizer intermediates. However, several other products are of high interest in relevant volumes, such as industrial gases, chlorine and alkalis, thermoset resins, elastomers and intermediate products for resins.

The largest concentration of the industry's production and consumption is in the Southeast part of the country, primarily in the state of São Paulo. There is modest domestic growth with some geographic diversification.

On average, U.S. chemical suppliers account for roughly 16% of Brazil's annual chemical imports, mainly for the pharmaceutical industry, resins, polymers and elastomers. During this period of heightened demand, U.S. exporters have a great opportunity to increase their market share against international competitors and should consider the unique market conditions in Brazil when looking to expand their footprint abroad. CS Brazil has identified 5 sub-sectors that appear particularly advantageous for U.S. suppliers: pharmaceuticals, inorganics, organics, resins and pesticides. However, there is still considerable potential to be explored in other sub-sectors as well and exporters are encouraged to speak with an export specialist to identify the local demand for different chemical products in Brazil.

Associations

- Abiquim – Brazilian Association of the Chemical Industry - <https://www.abiquim.org.br/>
- Associquim – Brazilian Association of Chemicals and Petrochemicals Distributors - <https://www.associquim.org.br/>
- Sincoquim - Union of Wholesaler, Importer and Exporter of Chemicals and Petrochemicals in the State of

São Paulo - <https://www.associquim.org.br/sobre-a-sincoquim/>

- ANDA - National Association for the Diffusion of Fertilizers - <http://anda.org.br/>
- ABPG - Brazilian oil and gas association - http://www.portalabpg.org.br/site_ingles/index.html
- ABPIP – Brazilian Association of Independent Oil and Gas Producers - <https://abpip.org.br/pt/>
- ANP – National Oil Agency - <https://www.gov.br/anp/pt-br>

Events

There is no specific event for the chemicals industry, but the industry is present as part of other sector trade events:

- ENAIQ – Chemical Industry Annual Meeting - <https://www.enaiq.org.br/>
- FCE Pharma 2023 – <https://www.talkscience.com.br/en/fce-pharma>
- OTC Brazil – Offshore Technology Conference 2023 – <https://otcbrasil.org/>
- FEIMEC 2024 – <https://www.feimec.com.br/en/HOME.html>
- Brazilian Chemistry Congress 2022 – <https://www.abq.org.br/claq/>

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