

Country Report Brazil

Chemical industry data and facts

August 2022

Brazil: number one in Latin America

Brazil is one of the world's largest chemical producers. In Latin America, the country is the undisputed number one. In 2021, sales in the chemical-pharmaceutical industry had recovered significantly after the crisis in 2020 and were at almost 89 billion euro. This meant eleventh place worldwide. Chemical consumption also rose strongly again in 2021 and amounted to around 133 billion euro.

The country on the Sugarloaf Mountain has been affected by an economic crisis for many years, also with effects on Brazil's chemical-pharmaceutical industry. As a result, growth momentum in the sector has recently been low. In the last five years, chemical production has recorded average annual growth of only 0.2 percent. Industrial production rose by an average of 0.6 percent per year over the same period.

The difficult economic situation also affected investments in Brazil's chemical industry. Investments increased again significantly compared to the previous year in 2021 and amounted to almost 3.9 billion euro. However, a positive trend was not observed in recent years.

FOCUS ON BASIC CHEMICALS

Brazil's chemical industry is broadly based. One focus is on basic chemicals (inorganics, petrochemicals, polymers), which accounted for 49 percent of Brazil's chemical sales in 2021. The country's abundance of raw materials favours in particular the production of petrochemicals and polymers. A further focus is on industry-related fine and specialty chemicals, which accounted for more than a quarter of chemical sales in 2021.

Brazil's trade balance in chemicals was clearly negative, with a minus of 44 billion euro. In 2021, no division managed to achieve trade surpluses. Inorganics and pharmaceuticals were imported on a large scale.

Petrochemicals accounted for the largest share of the country's chemical exports (28.5 percent), followed by polymers (21.9 percent) and fine and specialty chemicals (20.1 percent).

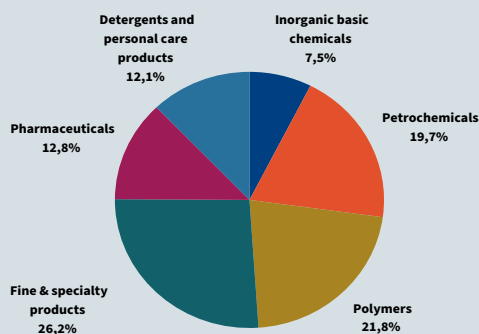
GERMANY'S MOST IMPORTANT TRADING PARTNER IN LATIN AMERICA

In 2021, the German chemical industry exported goods worth almost 3.2 billion euro to Brazil, a strong increase compared to the previous year. This corresponded to 1.3 percent of German chemical exports. Conversely, only 0.3 percent of German chemical imports came from Brazil. These were chemical goods worth 412 million euro. The German chemical trade balance with Brazil was thus clearly positive.

German chemical companies are also active locally with sales and production facilities. Direct investments by German chemical companies in Brazil amounted to around 1.8 billion euro in 2020. This was a decline due to the pandemic compared to the previous three years. In total, 47 subsidiaries of German chemical companies were active in Brazil in 2019. Together, they generated sales of 8 billion euro and employed 19,000 people.

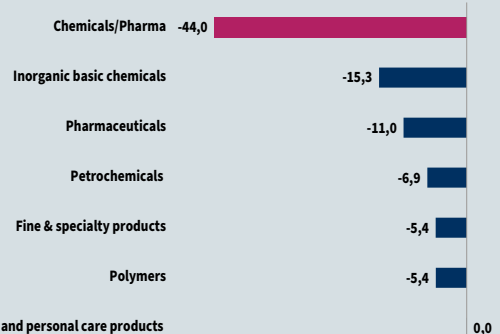
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Structure of Brazil's chemical industry
shares in percent, 2021



Sources: Chemdata International, VCI

Brazil's trade balance for chemicals
in billion euro, 2021



Sources: Chemdata International, VCI