

PETROBRAS DIVESTMENTS AND THE BRAZILIAN PETROCHEMICAL MARKET

According to statistics from 2019, Brazil's exports of basic petrochemical products were worth well over 557 billion U.S. dollars. The export markets for other liquid chemicals out of Brazil, like resins, are astronomically larger. Petrobras, the state-owned petrochemical refinery, has been the leader in that space since refineries opened in Brazil.

The same year those statistics were recorded, Petrobras began its divestment strategy in earnest. The dramatic divestment follows an organization-wide scandal and a shake-up in the country's political landscape. Petrobras corruption was quite complex, but it boiled down to sitting politicians siphoning money from the company's substantial coffers. In the 2018 presidential election, the election that followed the scandal, there was a stark change of political guard. The left-wing party in Brazil had been in power, and it shifted over to the right-wing party, led by current president, Jair Bolsonaro.

The current administration incited the selling off of Petrobras assets. Those assets include everything from satellite refineries and processing plants to stock positions. Most recently, the company finished depleting its 50% stake in BSBios and officially agreed to offload its Landulpho Alves Refinery.

As mentioned before, Petrobras has historically held the largest share of the market amongst Brazilian petrochemical competitors. Since the organization is downsizing, that market share is up for grabs. As the situation develops, it seems as though infrastructure and size are the most important factors in capitalizing on the new opportunity.

The petrochemical landscape in Brazil is seeing intense competition and rapid privatization. As a market with significant global reach, it'll be crucial to understand which companies will fill the Petrobras void. Tune in to Hanging at The Watercooler, the expert liquid logistics podcast from OEC LLS, to get some further detail on the developing situation and its possible ramifications.

