

# EXPORT RÅDDET

SWEDISH TRADE COUNCIL

# THE CHEMICAL INDUSTRY MARKET IN ARGENTINA

## FACT PACK

Swedish Trade Council in Argentina  
2008

# THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

## Sweden:

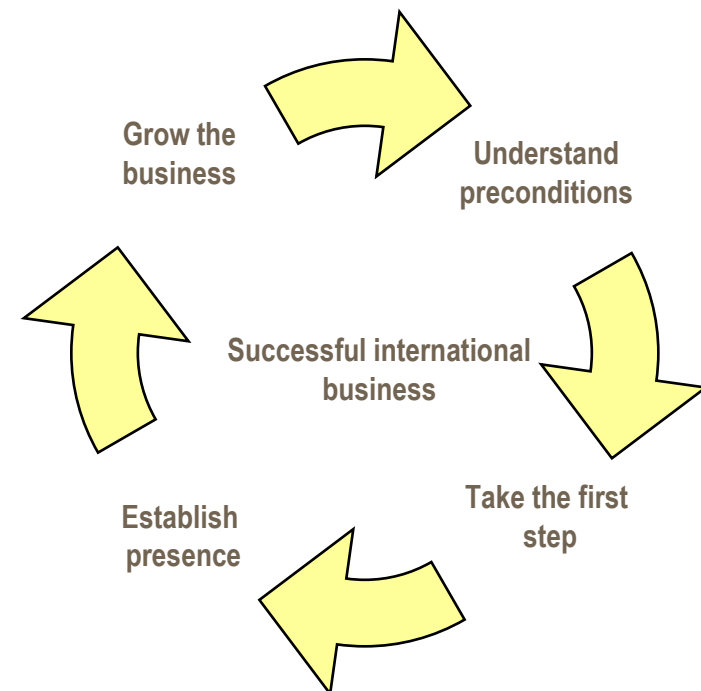
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

## Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

## Argentina:

- Office in Buenos Aires
- 5 employees



Vision of the office:

STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Argentina

# ARGENTINA IN BRIEF

**Area:** 2 791 810 km<sup>2</sup>

**Inhabitants:** 39.3 million

**Constitution:** Democratic republic

**Head of State:** President Cristina Fernandez de Kirchner

**Languages:** Spanish (official), English often spoken in business

**Inhabitants per km<sup>2</sup>:** 14/km<sup>2</sup>

**Currency:** Peso

**GDP 2007:** 255 758 MUS\$ (estimated)

**GDP per capita 2007:** 6 500 USD (estimated)

**Inflation 2007:** 8.8% (National Bureau of Statistics)

**Main exports:** Agriculture products, industrialized agriculture products, petroleum

**Main imports:** machinery, equipment, intermediate products

**Swedish Exports to Argentina 2007:** 1 687 MSEK (Up to November)

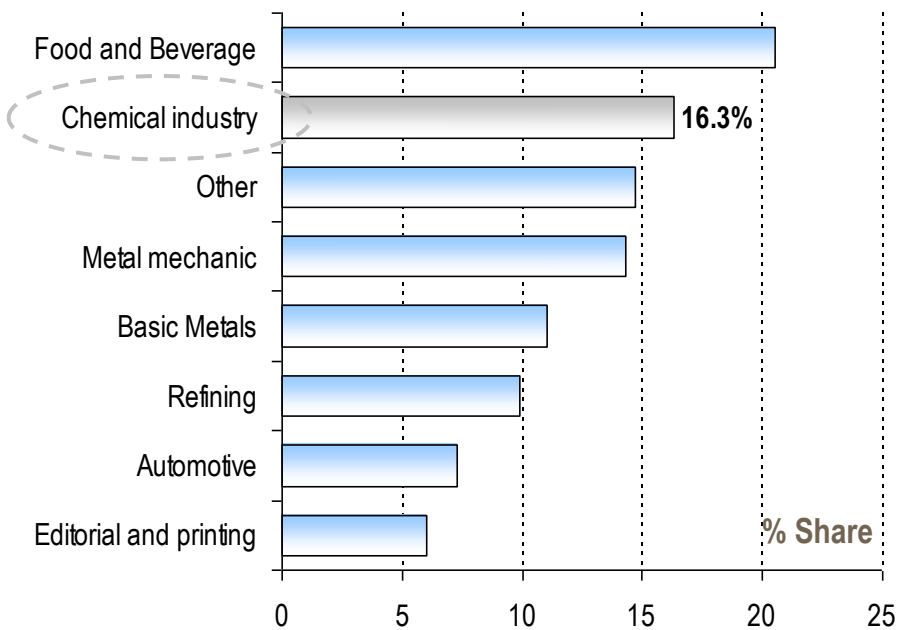
**Swedish imports from Argentina 2007:** 343 MSEK (Up to November)



# CHEMISTRY IS AN IMPORTANT SECTOR OF ARGENTINE INDUSTRY

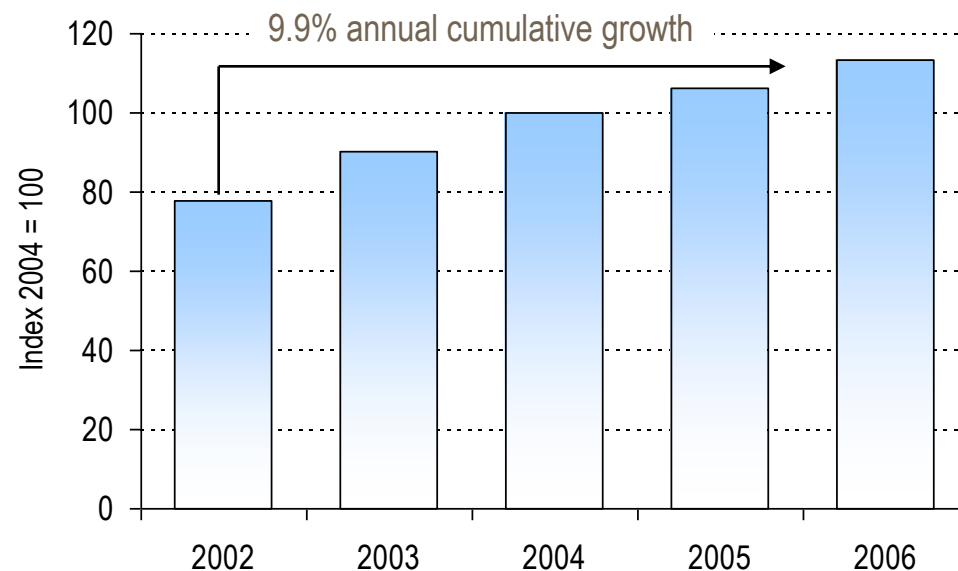
-Petrochemical is the most important cluster of argentine chemical industry

Chemical sector share of Argentine industry



Chemical cluster is the second largest sector of Argentine industry.

Argentine chemical industry growth



Chemistry is among the industry sectors with highest growth rates. Growth has been driven by local and external demand.

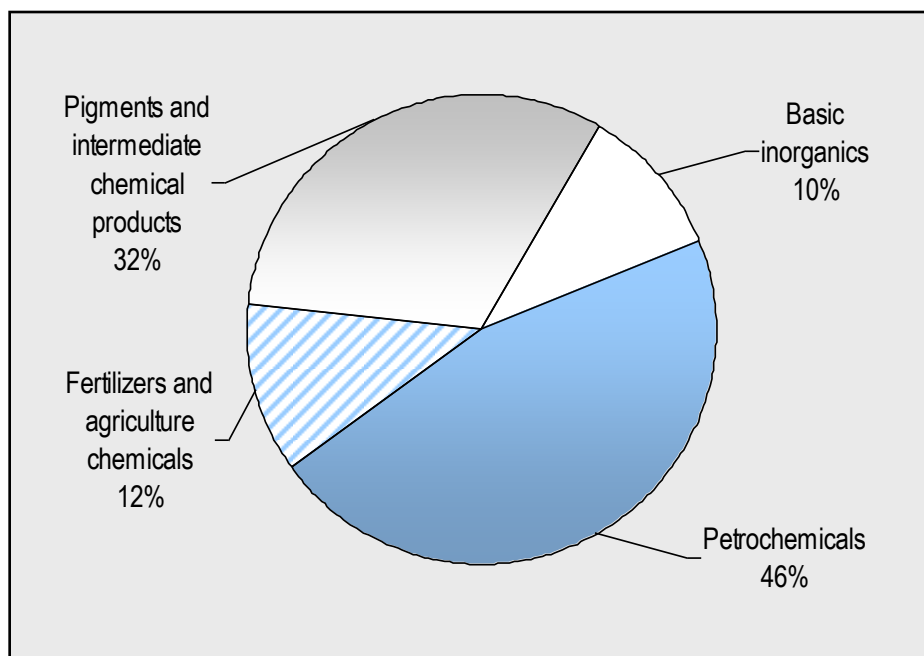
The market has been growing strongly since Argentine economy recovery

Source: INDEC, STC.

# PETROCHEMICALS MARKET VALUE APPROXIMATELY 3082 MUSD

- Agriculture chemicals and fertilizers expected to become major drivers of chemical industry

## Argentine chemical sector production value (2004)



**Total market value 2004: 6700 MUSD**

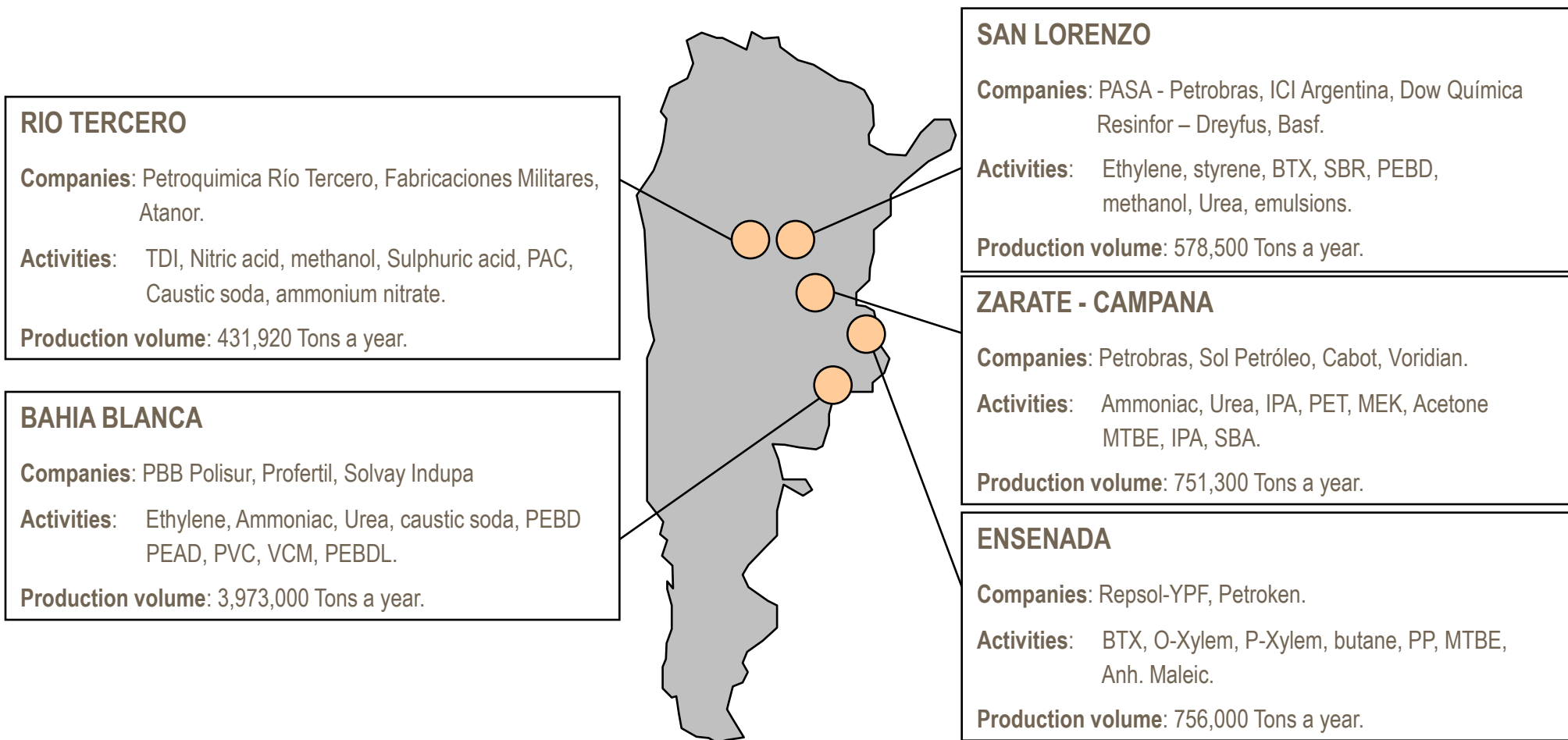
## Comments

- There are approximately 700 chemical and petrochemical companies in Argentina
- Large chemical companies represent approximately 70% of sector's turnover
- In 2007 production has been negatively affected by the energy crisis
- Export growth has stagnated not only due to gas crisis, but also due to low capacity expansion and a growing domestic demand that leaves less production available for export.
- Investments are planned both for expanding production capacity and in new plants

Most projects have been frozen until gas shortage situation is solved (within 2-3 years).

# THERE ARE FIVE MAJOR PETROCHEMICAL CLUSTERS IN ARGENTINA

- Chemical production is concentrated on the clusters to avoid transport costs for inputs

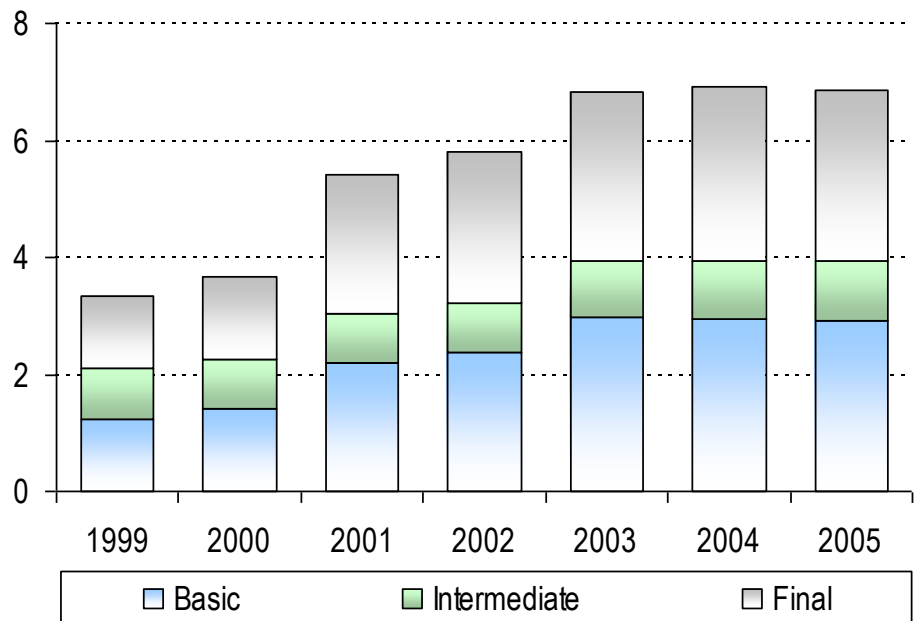


Petrochemical companies installed near Buenos Aires city are being asked to move to Zarate – Campana

# NEED FOR INVESTMENTS IN A SECTOR WITH LOW AVAILABLE CAPACITY

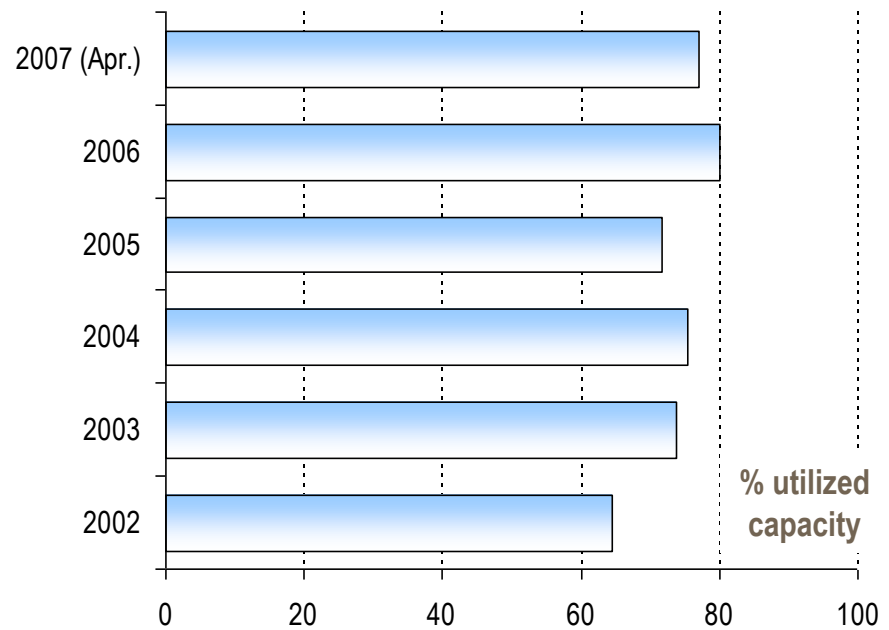
- Production growth has been achieved combining investment and use of available capacity

Argentine chemical production (Mtons)



Chemical production growth stagnated due to lack of production capacity. In 2005 and 2006 gas shortage has been additional issue.

Chemical industry - utilized production capacity



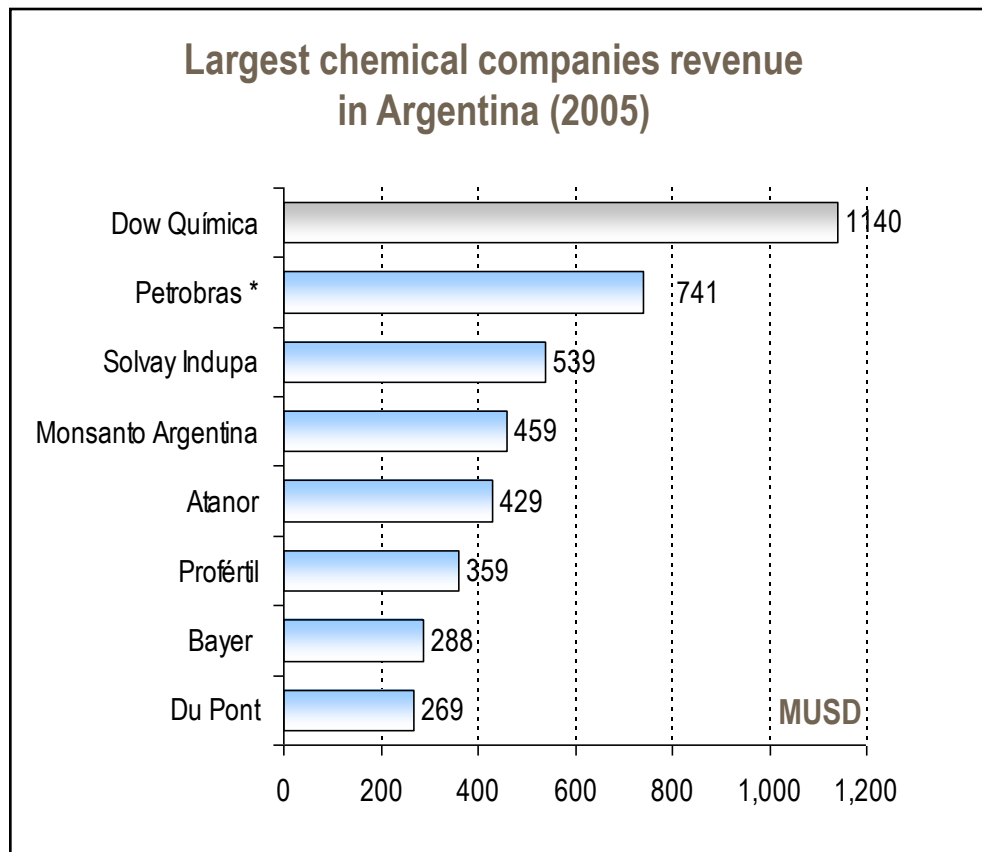
2005 - 2006: 100% of industry growth was achieved by investments.  
2004 - 2003: Higher utilization of available production capacity

**Investments are needed to enable the Argentine industry to continue growing.**

Source: INDEC, CEP, IPA, STC.

# LARGE GLOBAL PLAYERS OPERATING IN ARGENTINE CHEMICAL SECTOR

- Most of the large chemical companies in Argentina are international



\* Only petrochemical division of the company

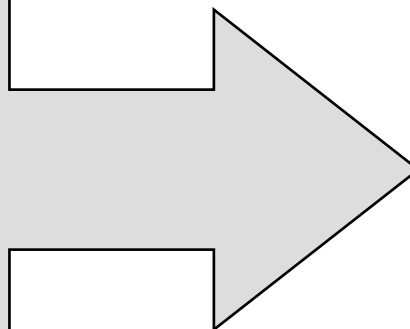
Global firms are quality conscious and used to contract international providers when building facilities.

## Comments

- Chemical companies have presence throughout various segments of the chemical industry.
- Largest chemical companies are mainly foreign
- The 34 largest chemical companies increased their revenues in USD at an annual 22.6% growth rate between 2003 and 2005.
- Local companies are mainly medium and small size ones.
- Some of the national companies are among the most dynamic, and carry out large investment to increase production capacity.
- International companies often make major investment decisions abroad, not in Argentina.

# ARGENTINA PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- Fast growing economy, annual GDP growth exceeding 8,5% the past five years
- New government with strong support focusing on external commercial relations
- Large (four times Sweden's) domestic market with increasing purchasing power
- High growth of imports, particularly machinery and equipment
- Latin America's most skilled labor force at low cost



... which has contributed to...

...the fact that more than **40** Swedish companies are registered in Argentina and many more are there as sub suppliers or via distributors.

STC in Argentina is the natural partner for all Swedish companies who want to establish or develop their business in Argentina

## USEFUL CONTACTS

### **Instituto Petroquímico Argentino**

*(Argentine Petrochemical institute)*

Tel: +54 11 43 12 2556

[www.ipqa.org.ar](http://www.ipqa.org.ar)

### **Cámara de la Industria Química y Petroquímica**

*(Argentine Chemical and Petrochemical Chamber)*

Tel: +54 11 43 13 1000

[www.ciqyp.org.ar](http://www.ciqyp.org.ar)

### **Cámara de la Industria de Fertilizantes y Agroquímicos**

*(Argentine chamber of fertilizer producers)*

Tel: +54 11 43 81 2742

[www.ciafa.org.ar](http://www.ciafa.org.ar)

### **Ministerio de Economía**

*(Ministry of Economy)*

Tel: +54 11 43 49 5000

[www.mecon.gov.ar](http://www.mecon.gov.ar)

### **INDEC**

*(National Statistical Office)*

Tel: +54 11 43 49 9200

[www.indec.gov.ar](http://www.indec.gov.ar)

### **APLA – Asociación Petroquímica de Latinoamérica**

*(Latin America Petrochemical Association)*

Tel: +54 11 43 25 1422

[www.apla.com.ar](http://www.apla.com.ar)

#### **Swedish Trade Council in Argentina**

Visiting address: Business Support Office

Paraguay 1178, 7th Floor – Office A, Buenos Aires

Tel. +54 11 5093 0080, Fax. +54 11 5093 0090, [argentina@swedishtrade.se](mailto:argentina@swedishtrade.se), [www.swedishtrade.se/Argentina](http://www.swedishtrade.se/Argentina)