

Dow postpones green PE project in Brazil

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Dow Chemical tells CW in a statement that it is postponing the second phase of its Santa Vitória, Brazil, biobased polyethylene (PE) project with Mitsui & Co.

Dow and Mitsui said that they would form a 50-50 joint venture to build and co-own a 240,000-m.t./year ethanol plant at Dow's existing sugarcane operation at Santa Vitória. A separate memorandum of understanding stipulated how Dow and Mitsui would expand the sugarcane and ethanol venture to include additional mill capacity, and ethylene and PE production units.

"The decision to delay the second phase of the joint venture is driven primarily by an escalation in costs to design, construct, and operate the facility, as well as uncertainties around land ownership legislation in Brazil," Dow says. "The decision to delay phase two contributes to Dow's action plan of scaling back growth in pursuit of long-term strategy and near-term earnings targets." The company adds that it expects to capture growth in the Americas through its previously announced US Gulf Coast investments, "which will take advantage of increasing supplies of US shale gas to manufacture high-performance materials for the high-performance packaging, electrical and telecommunications, elastomers, and hygiene and medical markets."

Financial terms of the project were never disclosed, although at the time Dow said the project would be its largest investment in Brazil. The company did not include a revised timeline. The jv with Mitsui is Dow's second attempt at building a world-scale PE plant based on sugarcane ethanol in Brazil. Dow first linked with local ethanol producer Crystalsev in 2007 to build a \$1-billion 350,000 m.t./year linear low-density PE plant at Santa Vitória, after the economic downturn caused Crystalsev's shareholders to divest the business in 2009.

Source *Chemical Week*