

Brazil's Unigel to close one of its PS plants in February

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Brazil's polystyrene (PS) producer Unigel is shutting down one of its PS plants in Brazil on 8 February for an indefinite period, a company source said on Wednesday.

Unigel will stop the 190,000 tonne/year PS plant located in Sao Jose dos Campos, which was formerly owned by BASF.

The plant has a 110,000 tonne/year high impact polystyrene (HIPS) unit and an 80,000 tonne/year unit for general purpose polystyrene (GPPS).

Restart of the plant will depend on market reaction to the current price increases and on domestic and regional PS demand.

Unigel will increase operating rates at the similarly sized PS plant located in Guaruja – formerly owned by Dow Chemical – and expects to maintain its position in the domestic market with the production from this plant.

The Sao Jose dos Campos plant could restart around 15 March, but a date has not been set, according to company estimates, the source said.

This action has not taken market participants by surprise, considering that Brazil's domestic market has been historically oversupplied with PS resins – a factor that may have driven Dow Chemical and BASF to exit the Brazilian PS market.

When Unigel acquired this plant from BASF, there were resin shortages in the region – such as the one caused by a labour strike in Argentina that paralysed production for about a month. These shortages have since been corrected.

PS is a mature commodity with global growth estimated at about 0.5% annually, according to ICIS Consulting data.

The main producers in Brazil are Unigel, Innova and Videolar.

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