

***POPS Report***

***Latin America***

***PolyOlefins Planning Service Report***

***Supplement II***

*June 2008*



Griffin House, 1st Floor South, 161 Hammersmith Road, London W6 8BS, UK  
Tel: +44 20 7950 1600 Fax: +44 20 7950 1550

"This report was prepared by Nexant, Inc ("Nexant") and is part of the PolyOlefins Planning Services Program (POPS). Except where specifically stated otherwise in this Report, the information contained herein is prepared on the basis of information that is publicly available, and contains no confidential third party technical information to the best knowledge of Nexant. Aforesaid information has not been independently verified or otherwise examined to determine its accuracy, completeness or financial feasibility.

Neither NEXANT, Subscriber nor any person acting on behalf of either assumes any liabilities with respect to the use of or for damages resulting from the use of any information contained in this Report. Nexant does not represent or warrant that any assumed conditions will come to pass.

The report is submitted on the understanding that the Subscriber will maintain the contents confidential except for the Subscriber's internal use. The Report should not be reproduced, distributed or used without first obtaining prior written consent by Nexant. Each Subscriber agrees to use reasonable effort to protect the confidential nature of the Report."

# Contents

---

Section		Page
<b>1</b>	<b>Executive Summary .....</b>	1-1
1.1	INTRODUCTION.....	1-1
1.2	ECONOMIC OVERVIEW .....	1-5
1.3	FEEDSTOCK SUPPLY.....	1-6
1.4	DEMAND .....	1-8
1.4.1	Domestic Consumption.....	1-8
1.4.2	Process Exports .....	1-16
1.4.3	Product Exports.....	1-16
1.4.4	Demand Summary.....	1-16
1.5	THE POLYOLEFINS PROCESSING INDUSTRY.....	1-21
1.6	SUPPLY .....	1-22
1.7	SUPPLY/DEMAND AND TRADE .....	1-25
<b>2</b>	<b>Country Analysis .....</b>	2-1
2.1	MEXICO.....	2-1
2.1.1	Introduction .....	2-1
2.1.2	Demand .....	2-2
2.1.3	Supply .....	2-4
2.1.4	Supply, Demand and Trade.....	2-5
2.2	SOUTH AMERICA .....	2-8
2.2.1	Argentina.....	2-8
2.2.2	Bolivia.....	2-15
2.2.3	Brazil.....	2-18
2.2.4	Chile .....	2-25
2.2.5	Colombia .....	2-30
2.2.6	Ecuador .....	2-34
2.2.7	Paraguay.....	2-37
2.2.8	Peru .....	2-39
2.2.9	Uruguay .....	2-44
2.2.10	Venezuela.....	2-47

---

2.3	CENTRAL AMERICA AND THE CARIBBEAN.....	2-53
2.3.1	Costa Rica .....	2-54
2.3.2	El Salvador.....	2-56
2.3.3	Guatemala .....	2-58
2.3.4	Honduras .....	2-61
2.3.5	Nicaragua .....	2-63
2.3.6	Panama .....	2-65
2.3.7	The Caribbean .....	2-67
<b>3</b>	<b>Summary.....</b>	<b>3-1</b>
3.1	POLYETHYLENE .....	3-1
3.1.1	LDPE.....	3-1
3.1.2	LLDPE .....	3-2
3.1.3	HDPE .....	3-3
3.1.4	Total Polyethylene Demand.....	3-4
3.2	POLYPROPYLENE .....	3-5
3.3	SUPPLY/DEMAND AND TRADE BALANCES .....	3-6
3.3.1	LDPE.....	3-6
3.3.2	LLDPE .....	3-8
3.3.3	HDPE .....	3-11
3.3.4	Polypropylene .....	3-14

<b>Figure</b>	<b>Page</b>
1.1 Latin American Population .....	1-1
1.2 Map of Latin America .....	1-2
1.3 Latin American Geographic Market Segments .....	1-3
1.4 Latin American Proven Natural Gas Reserves.....	1-7
1.5 Latin American LDPE Demand by Process (incl. Mexico), 2007 .....	1-16
1.6 Latin American LLDPE Demand by Process (incl. Mexico), 2007.....	1-17
1.7 Latin American HDPE Demand by Process (incl. Mexico), 2007 .....	1-19
1.8 Latin American Polypropylene Demand by Process (incl. Mexico), 2007.....	1-20
1.9 Latin American Polyolefins Demand Growth Outlook.....	1-20
1.10 Polyolefins Plants in Latin America.....	1-22
1.11 Polyolefins Capacity Share by Country, 2011 .....	1-24
1.12 Latin American Polyolefins Capacity Development 2008 - 2013.....	1-24
1.13 Latin American Net Trade (does not include Mexico).....	1-25
1.14 Latin American Polyolefins Trade, 2007 .....	1-29

<b>Table</b>	<b>Page</b>
1.1 Latin American Free Trade Groups and Custom Unions.....	1-4
1.2 Historic and Forecast Trend GDP Growth .....	1-5
1.3 LLDPE Single Site Metallocene Demand in Latin America .....	1-14
1.4 HDPE Metallocene Demand in Latin America.....	1-15
1.5 Polypropylene Metallocene Demand in Latin America .....	1-15
1.6 Latin American LLDPE Demand by Comonomer Type.....	1-18
1.7 Latin American Polyolefins Capacity, 2007 .....	1-23
1.8 Latin American Polyolefins Capacity, 2011 .....	1-23
1.9 Announced Latin American Polyolefins Expansions.....	1-23
1.10 U.S. Exports to Latin America, 2003-2007.....	1-26
2.1 LDPE Demand in Mexico .....	2-2
2.2 LLDPE Demand in Mexico.....	2-2
2.3 HDPE Demand in Mexico.....	2-3
2.4 Total Polyethylene Demand in Mexico.....	2-3
2.5 Polypropylene Demand in Mexico.....	2-3
2.6 LDPE Capacity in Mexico .....	2-4
2.7 LLDPE Capacity in Mexico.....	2-4
2.8 HDPE Capacity in Mexico .....	2-4
2.9 Polypropylene Capacity in Mexico .....	2-4
2.10 LDPE Supply/Demand and Trade Balance in Mexico.....	2-5
2.11 LLDPE Supply/Demand and Trade Balance in Mexico .....	2-6

2.12 HDPE Supply/Demand and Trade in Balance Mexico .....	2-6
2.13 Polypropylene Supply/Demand and Trade in Balance Mexico .....	2-7
2.14 LDPE Demand in Argentina .....	2-9
2.15 LLDPE Demand in Argentina .....	2-10
2.16 HDPE Demand in Argentina .....	2-10
2.17 Total Polyethylene Demand in Argentina .....	2-10
2.18 Polypropylene Demand in Argentina .....	2-11
2.19 LDPE Capacity in Argentina .....	2-12
2.20 LLDPE Capacity in Argentina .....	2-12
2.21 HDPE Capacity in Argentina .....	2-12
2.22 Polypropylene Capacity in Argentina .....	2-12
2.23 LDPE Supply/Demand and Trade Balances for Argentina .....	2-13
2.24 LLDPE Supply/Demand and Trade Balances for Argentina .....	2-13
2.25 HDPE Supply/Demand and Trade Balances for Argentina .....	2-14
2.26 Polypropylene Supply/Demand and Trade Balances for Argentina .....	2-14
2.27 LDPE Demand in Bolivia .....	2-16
2.28 LLDPE Demand in Bolivia .....	2-16
2.29 HDPE Demand in Bolivia .....	2-16
2.30 Total Polyethylene Demand in Bolivia .....	2-17
2.31 Polypropylene Demand in Bolivia .....	2-17
2.32 LDPE Demand in Brazil .....	2-19
2.33 LLDPE Demand in Brazil .....	2-19
2.34 HDPE Demand in Brazil .....	2-20
2.35 Total Polyethylene Demand in Brazil .....	2-20
2.36 Polypropylene Demand in Brazil .....	2-20
2.37 LDPE Capacity in Brazil .....	2-22
2.38 LLDPE Capacity in Brazil .....	2-22
2.39 HDPE Capacity in Brazil .....	2-22
2.40 Polypropylene Capacity in Brazil .....	2-23
2.41 LDPE Supply/Demand and Trade Balances in Brazil .....	2-23
2.42 LLDPE Supply/Demand and Trade Balances in Brazil .....	2-24
2.43 HDPE Supply/Demand and Trade Balances in Brazil .....	2-24
2.44 Polypropylene Supply/Demand and Trade Balances in Brazil .....	2-25
2.45 LDPE Demand in Chile .....	2-26
2.46 LLDPE Demand in Chile .....	2-27
2.47 HDPE Demand in Chile .....	2-27
2.48 Total Polyethylene Demand in Chile .....	2-27
2.49 Polypropylene Demand in Chile .....	2-28

2.50 LDPE Supply/Demand and Trade in Chile .....	2-29
2.51 Polypropylene Supply/Demand and Trade in Chile.....	2-29
2.52 LDPE Demand in Colombia .....	2-31
2.53 LLDPE Demand in Colombia .....	2-31
2.54 HDPE Demand in Colombia .....	2-31
2.55 Total Polyethylene Demand in Colombia .....	2-32
2.56 Polypropylene Demand in Colombia .....	2-32
2.57 LDPE Supply/Demand and Trade in Colombia .....	2-33
2.58 Polypropylene Supply/Demand and Trade in Colombia .....	2-33
2.59 LDPE Demand in Ecuador .....	2-35
2.60 LLDPE Demand in Ecuador .....	2-36
2.61 HDPE Demand in Ecuador .....	2-36
2.62 Total Polyethylene Demand in Ecuador.....	2-36
2.63 Polypropylene Demand in Ecuador.....	2-37
2.64 LDPE Demand in Paraguay .....	2-38
2.65 LLDPE Demand in Paraguay .....	2-38
2.66 HDPE Demand in Paraguay .....	2-38
2.67 Total Polyethylene Demand in Paraguay .....	2-39
2.68 Polypropylene Demand in Paraguay .....	2-39
2.69 LDPE Demand in Peru .....	2-41
2.70 LLDPE Demand in Peru .....	2-42
2.71 HDPE Demand in Peru .....	2-42
2.72 Total Polyethylene Demand in Peru.....	2-42
2.73 Polypropylene Demand in Peru.....	2-43
2.74 LDPE Demand in Uruguay .....	2-45
2.75 LLDPE Demand in Uruguay .....	2-45
2.76 HDPE Demand in Uruguay .....	2-45
2.77 Total Polyethylene Demand in Uruguay .....	2-46
2.78 Polypropylene Demand in Uruguay .....	2-46
2.79 LDPE Demand in Venezuela .....	2-47
2.80 LLDPE Demand in Venezuela .....	2-48
2.81 HDPE Demand in Venezuela .....	2-48
2.82 Total Polyethylene Demand in Venezuela .....	2-48
2.83 Polypropylene Demand in Venezuela .....	2-49
2.84 LDPE Capacity in Venezuela.....	2-50
2.85 LLDPE Capacity in Venezuela .....	2-50
2.86 HDPE Capacity in Venezuela .....	2-50
2.87 Polypropylene Capacity in Venezuela .....	2-50

2.88 LDPE Supply/Demand and Trade in Venezuela .....	2-51
2.89 LLDPE Supply/Demand and Trade in Venezuela .....	2-51
2.90 HDPE Supply/Demand and Trade in Venezuela .....	2-52
2.91 Polypropylene Supply/Demand and Trade in Venezuela.....	2-52
2.92 LDPE Demand in Costa Rica.....	2-54
2.93 LLDPE Demand in Costa Rica .....	2-55
2.94 HDPE Demand in Costa Rica .....	2-55
2.95 Total Polyethylene Demand in Costa Rica .....	2-55
2.96 Polypropylene Demand in Costa Rica .....	2-56
2.97 LDPE Demand in El Salvador .....	2-57
2.98 LLDPE Demand in El Salvador .....	2-57
2.99 HDPE Demand in El Salvador .....	2-57
2.100 Total Polyethylene Demand in El Salvador .....	2-58
2.101 Polypropylene Demand in El Salvador .....	2-58
2.102 LDPE Demand in Guatemala .....	2-59
2.103 LLDPE Demand in Guatemala .....	2-59
2.104 HDPE Demand in Guatemala .....	2-60
2.105 Total Polyethylene Demand in Guatemala.....	2-60
2.106 Polypropylene Demand in Guatemala.....	2-60
2.107 LDPE Demand in Honduras.....	2-61
2.108 LLDPE Demand in Honduras .....	2-62
2.109 HDPE Demand in Honduras .....	2-62
2.110 Total Polyethylene Demand in Honduras .....	2-62
2.111 Polypropylene Demand in Honduras .....	2-63
2.112 LDPE Demand in Nicaragua.....	2-64
2.113 LLDPE Demand in Nicaragua .....	2-64
2.114 HDPE Demand in Nicaragua .....	2-64
2.115 Total Polyethylene Demand in Nicaragua.....	2-65
2.116 Polypropylene Demand in Nicaragua .....	2-65
2.117 LDPE Demand in Panama.....	2-66
2.118 LLDPE Demand in Panama .....	2-66
2.119 HDPE Demand in Panama .....	2-66
2.120 Total Polyethylene Demand in Panama .....	2-67
2.121 Polypropylene Demand in Panama .....	2-67
2.122 LDPE Demand in the Caribbean .....	2-69
2.123 LLDPE Demand in the Caribbean .....	2-69
2.124 HDPE Demand in the Caribbean .....	2-69
2.125 Total Polyethylene Demand in the Caribbean.....	2-70

---

2.126 Polypropylene Demand in the Caribbean.....	2-70
3.1 Latin American LDPE Demand Summary.....	3-1
3.2 Latin American LLDPE Demand Summary .....	3-2
3.3 Latin American HDPE Demand Summary .....	3-3
3.4 Latin American Total Polyethylene Demand.....	3-4
3.5 Latin American Polypropylene Demand Summary .....	3-5
3.6 Latin American LDPE Supply/Demand Balance.....	3-6
3.7 Latin American LLDPE Supply/Demand Balance .....	3-8
3.8 Latin American HDPE Supply/Demand Balance .....	3-11
3.9 Latin American Polypropylene Supply/Demand Balance.....	3-14
3.10 Latin American Polypropylene Supply/Demand Balance.....	3-15