

Operational issues, blackout delay Braskem chlor-alkali restart: source

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A vast power outage that hit the northern half of Brazil this week further delayed Braskem's efforts to restart a chlor-alkali plant, prompting the company to seek more US ethylene dichloride to maintain uninterrupted polyvinyl chloride production, a source familiar with Braskem's operations said Friday.

The company had begun restarting production at the plant in Maceio, the capital city of the Brazilian state of Alagoas, on March 17. However, operational problems prevented Braskem from resuming normal output, the source said. Then on Wednesday, a power outage left widespread areas in Brazil's north and northwest regions in darkness, including the Alagoas plant.

The operational problems last week prompted Braskem to issue a tender for a 13,000 dmt cargo of US EDC, a precursor to PVC, for April 25 delivery. US market sources said an EDC cargo that had been marketed to Asia, where robust domestic supply has suppressed demand for US imports, was re-marketed to Braskem in response to the tender.

The Alagoas plant shut in mid-January when a fire damaged a utility that provided its power. The source said that power was restored on March 15, allowing the chlor-alkali facility to begin producing chlorine and caustic soda.

As Braskem worked to solve operational issues during that restart earlier this week, the blackout occurred. The source said Friday that EDC and caustic soda production "remains paralyzed," as chlorine combined with ethylene makes EDC.

Brazilian authorities told media that the blackout stemmed from a major transmission line failure near the Belo Monte hydroelectric station in the north region, affecting nearly one-fourth of the grid's production. The failure came after a power surge, and Brazilian authorities are investigating the root cause. Power was restored Thursday.

EDC is used to make vinyl chloride monomer, which in turn makes PVC. Caustic soda is a key feedstock in alumina and pulp and paper industries.

In January, Braskem secured three 13,000 dmt cargoes of US EDC and more than 30,000 dmt of caustic soda from US and Brazilian sources to cover its customer supply and PVC production needs during the Alagoas plant outage. US market sources said they had heard Braskem might seek a fourth EDC cargo, but no tenders were seen until the plant experienced operational problems upon restart last week.