

Solvay gets approval for sale of Argentine PVC maker

Platts.com, 8th Dec 2016

Brazilian chlor-alkali and caustic soda producer Unipar Carbocloro's acquisition of Argentinian poly-vinyl chloride maker Solvay Indupa has received clearance from Brazilian regulators, parent company Solvay said Wednesday.

"Solvay has obtained clearance from the Brazilian antitrust authority, CADE, for the agreed sale of its 70.59% stake in Solvay Indupa to chemical group Unipar Carbocloro," Belgium-based Solvay said in a statement. "Completion of the transaction, at a total enterprise value of US\$202.2 million as announced in May, is expected to take place in the next weeks."

Solvay Indupa has a 220,000 mt/year PVC facility in Bahia Blanca, Argentina, and a 290,000 mt/year plant in Santo Andre, Sao Paulo state, Brazil.

Solvay Indupa also produces chlorine, ethylene dichloride and vinyl chloride, among other products.

In 2013, Brazil's Braskem, the largest petrochemical producer in Latin America, announced the acquisition of Solvay Indupa after nearly a year of negotiations. The deal, however, was rejected by Brazil's Administrative Council for Economic Defense (CADE). Solvay Indupa is considered Braskem's main competitor in the South American PVC market.

Last month, Solvay Indupa said it posted a 30% year-on-year decline in PVC sales volumes in the third quarter of 2016, citing stagnant domestic demand and continued competition from imports. During the same period there was a 7% year-on-year decline in overall PVC demand in Argentina, according to a preliminary financial results statement from Solvay Indupa to the Buenos Aires Stock Exchange.

Q3 sales were up 5% from the second quarter, however, and Solvay Indupa said it would continue to pursue a strategy of focusing on the domestic market and exporting surplus production from its plant in Bahia Blanca, Buenos Aires province.

Its exports rose "by a large amount" in Q3 on the year, and by 9% from the second quarter, led by a recovery in demand in Brazil, the biggest market in Latin America, the company said last month.