



Information Research (IRL)

CP House, 97 – 107 Uxbridge Road

Ealing, London W5 5TL UK

Tel: + 44 20 8832 7830 Fax: + 44 20 8566 4931

PRESS RELEASE

18 MAY 2009

A PROFILE OF THE SOUTH AMERICAN PAINT INDUSTRY, 2ND EDITION

Recovery from the global economic crisis in 2010 is expected to re-ignite growth in the South American paint and coatings sector, following strong growth in many countries over the period 2006-8. Only two countries are expected to show any growth during the difficult year of 2009, these being Peru and Colombia. Strong programmes of state spending on infrastructure, oil exploration and industrial development are currently among the major drivers for coatings demand in South America, typically prompting growth for the decorative and protective coatings markets. These are among the findings of IRL's new title, *A Profile of the South American Paint Industry*, which has just been published.

The South American paint and coatings market has been estimated at 2,449,500 tonnes in 2008, and will grow to around 2,846,300 tonnes by 2013. The regional paint market is dominated by that of Brazil, which accounts for 54% of regional paint demand, broadly in line with 51% of the region's population. Brazil is not only the major market but also a pre-eminent supplier of coatings throughout the rest of the region, along with Argentina. Venezuela, which has been in the ascendant in recent years, is the only market which is expected to decline, largely as a result of the government's absence of an alternative policy for dealing with the collapse of oil prices and demand.

Throughout much of the region there is comparatively little in the way of legislation to drive the market forward with any sort of compliance agenda (except for the marine paints sector, where the effects of international legislation are more apparent). Although there is a rising awareness of the need to make application processes more pleasant and to care for the environment, newer technologies are often seen as expensive and traditional conservatism within the market tends to retard progress. For example, in the protective coatings sector many countries are progressing the migration to high solids coatings and beyond, although the fact that all countries are at different stages in this substitution process means that there is scope for all suppliers from the formulation standpoint. In addition, the level of substitution for different resin systems also varies considerably from one country to the next. The result is some pockets where there is a strong culture for alkyd use, while in other parts of the region the relative balance between epoxies, polyurethanes and alkyds varies considerably.

Consolidation is changing some aspects of the competitive lineup in South America. AkzoNobel's acquisition of ICI means that the Brazilian decorative paint market is now largely dominated by two powers (AkzoNobel and BASF) with a more distinct second league emerging from North America (Sherwin-Williams and PPG, the latter having taken over Renner's decorative paint business).

Furthermore, consolidation on the global and regional scale is also having consequences for the protective sector, chiefly with PPG stocking up with Ameron and Sigma lines and Sherwin-Williams buying Euronavy and Pinturas Industriales. The decision by PPG to gear up with marine and protective coatings technologies has come at a time when certain European producers of protective and marine paints have been slowly fading from the market.

Terry Knowles, Business Manager at IRL and author of the report says, "This South American study responds to rising demand for information on the regional market from our clients, and it's easy to see why. Recent growth in these markets has caught the interest of those in industry and many are hopeful of a return to good growth in the future."

A Profile of the South American Paint Industry, 2nd Edition, covers Brazil and all of the Spanish-speaking countries in South America. The segments covered in the report include the decorative, marine and protective markets. The study closes with a market forecast and an extensively-updated directory of paintmakers across the region.

A Profile of the South American Paint Industry, 4th Edition, costs €3,250 for a single copy. Sections of the report will be available shortly to buy online at IRL's website, www.informationresearch.co.uk

For more information on this publication, please contact Terry Knowles at:

Information Research (A Division of BRG (UK) Ltd), CP House, 97-107 Uxbridge Road,
Ealing London W5 5TL United Kingdom

Tel: +44 (0) 20 8832 7830 Website: www.informationresearch.co.uk

Fax: +44 (0) 20 8566 4931 E-mail: tknowles@brg.co.uk