

Braskem announces deactivation of the caprolactam plant

Braskem informs it has decided to suspend the production of caprolactam, a raw material used to manufacture nylon 6, and temporarily deactivate the product's industrial unit located at the Camaçari Complex in Bahia. The decision took into account a detailed assessment of the business, considering the difficulties the Brazilian market for caprolactam has been undergoing in recent years, as well as the impact of the international crisis.

Most caprolactam produced by Braskem was destined for the international market, which has lost liquidity since mid-2008 as a result of the global economic crisis and the credit shortage. The company thus had to drastically reduce the use of plant capacity, which reduced profit margins and momentarily made it unfeasible to continue with the operation. Since these assets can be reactivated in the future, this deactivation will not entail any accounting impact.

Braskem will continue supplying its domestic market caprolactam clients until the end of 2009, with current stocks. After that date, they can resort directly to international suppliers, an alternative currently being used by some Brazilian companies.

Besides honoring all its commitments with clients, Braskem also adopted all measures to minimize domestic impacts from this decision. Of the 106 employees involved in this business, 38 were reabsorbed by other units, 34 are in the process of retirement, 19 remain employed at the cyclohexane unit and 18 may be dismissed. Braskem is still analyzing opportunities to use these employees at other of its own or partner units.

Braskem will accompany the evolution of caprolactam market conditions to determine the eventual resumption of operations at its industrial unit.