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President Lula will participate in the launch of Petroquímica Paulínia's cornerstone

The company, a JV between Braskem and Petroquisa, is building a world-class polypropylene unit in the city of Paulínia, in the state of São Paulo

Petroquímica Paulínia S.A. (PPSA), a joint venture between Braskem and Petrobras through its subsidiary Petroquisa, will host today the launching ceremony of a polypropylene unit's cornerstone in the city of Paulínia, state of São Paulo with the presence of President Luiz Inácio Lula da Silva. Investments are estimated at approximately US\$ 300 million. The start up of this plant is expected to 1Q08.

The annual production capacity of the new unit will be 350 thousand tons of polypropylene, the thermoplastic resin with the highest consumption growth rate and wide range of use in most industrial segments, especially in food packaging, home appliances, personal hygiene and cleaning products bottles, auto parts etc.

The raw material – propylene – will be supplied by Petrobras' refineries located in the cities of São José dos Campos (Revap) and Paulínia (Replan), both in the state of São Paulo, which are being modernized with investments of US\$ 365 million in order to ensure the production of raw material for the new unit. The modernization of both refineries will also provide an increase in the processing of domestic crude oil, improving the quality of fuels.

This project is another step in Petrobras strategic positioning for the petrochemical industry, moving from the position of a mere investor to a more active participation in the management of the businesses.

"The Petroquímica Paulínia project has a differentiated competitiveness resulted from the combination of world class scale, state-of-the-art production technology provided by Braskem, and access to raw material supplied by Petrobras that has a refinery next to the new plant", says Guilherme Guaragna, PPSA's CEO. Additionally, the city of Paulínia is located approximately 100 km far from the city of São Paulo, in the heart of the main consumption market in Brazil, served by a high-quality transportation infrastructure, which allows a privileged production outflow.

Braskem, the leading company in the Latin American thermoplastic resin industry, holds 60% of Petroquímica Paulínia's capital stock, and Petroquisa, the other 40%. "This initiative strengthens the competitiveness of the full petrochemical and plastic chain in Brazil. It is fundamental for Braskem, as it consolidates our leadership in polypropylene and reinforces the strategic association with Petrobras, our main raw material supplier and relevant shareholder through Petroquisa", says José Carlos Grubisich, Braskem's CEO.

The project is in line with Petrobras' strategic planning, which includes the company's active participation in the development of petrochemical projects in association with private companies and is also part of the Growth Acceleration Plan – PAC, "Brazil needs massive investments to meet the growing demand for petrochemical products and the corporate model adopted in this project is an example to be followed aiming at the development of this industry in the country", says José Lima de Andrade Neto, Petroquímica's CEO.

In addition to Paulínia's polypropylene unit, there are five petrochemical projects also included in the PAC. These projects, which have investments of approximately US\$ 10.8 billion, are: Rio de Janeiro Petrochemical Complex – COMPERJ; Acrylic Complex, next to the Petrobras refinery in Betim, in the state of Minas Gerais; Companhia Têxtil de Pernambuco (CITEPE – Textile Company of Pernambuco), at the Suape Port, in the state of Pernambuco; and a Nitrous Fertilizer Unit, whose location is under studies.

With the installation license already granted by the State Secretariat of Environment and construction works in accelerated progress, the new unit adopts the most rigid industrial security and environmental control standards, operating under minimum rates of natural resource consumption, which reflects the commitment of both the company and its shareholders to the sustainable growth. The licensing process was pioneer as it involved the community, local and state public authorities and industry entities.

In addition to the plant, the project includes the development of social-environmental actions focused on the local community. These initiatives, which will be funded by approximately R\$ 7 million provided by the company, were defined by technicians of DAIA (Department of Environmental Impact Analysis of the São Paulo State Secretariat of Environment), prosecuting attorneys from the cities of Paulínia, Campinas and Americana, and Saddema – the Secretariat of Development and Environment of the City of Paulínia.

The construction of the plant will generate approximately 1,500 direct jobs. When the unit is operational, other 200 direct and 400 indirect jobs will be created. Considering the plastic converter plants that are going to use this polypropylene as raw material to produce petrochemical and final products the estimate is of around 25 thousand direct and indirect jobs.

The company has been providing operation training courses for the first group of job candidates under the coordination of "Senai" Training Center in the city of Paulínia. The intention of PPSA is to outsource within the region of Paulínia the major part of the resources necessary to the project, in line with the shareholders' commitment of contributing to the development of surrounding communities.