



**Braskem America, Inc.**

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Subcommittee Chairman Devin Nunes  
Honorable Charles Rangel, Ranking Member  
United States House of Representatives  
Committee on Ways and Means  
Trade Subcommittee

Dear Honorable Sirs,

Please find attached Braskem America's written submission of record for the Hearing on the U.S.-Brazil Trade and Investment Relationship: Opportunities and Challenges to take place on Wednesday June 12, 2013. We are appreciative of the opportunity to share our submission with this Subcommittee and remain at your disposal should you wish to discuss these or any other matters with us in the future.

Our Sincere Best,

Nick Sprague  
Legal & External Affairs  
Braskem America



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United States House of Representatives  
Committee on Ways and Means  
Trade Subcommittee

Dear Honorable Members,

It is my honor to introduce to this prestigious Committee the Braskem and Odebrecht organizations and to share with you some of our experiences as Brazilian investors, service providers, and job creators in the United States. We applaud this Committee's initiative today and are gratified by the recognition of Brazil's role in the global economy and, in particular, the importance of the US-Brazil relationship. Our purpose in submitting this testimony to the Committee is to specifically address the first point on the Agenda, namely: "deepening and expanding the long-term investment relationship with Brazil," by providing the Committee with a personal testimonial as to the benefits of Brazilian Foreign Direct Investment ("FDI") in the United States.

**Who We Are**

Braskem is a global petrochemical leader, producing more than 35 billion pounds of thermoplastic resins and basic chemicals and generating revenues of over \$20 billion dollars annually. Headquartered in Brazil, we have a commercial presence in more than 50 countries and an industrial presence that extends across Brazil, North America, and Europe. Braskem invests more than \$100 million annually in innovation and technology and is the global leader in production of "Green Polyethylene"—a plastic feedstock made from ethanol and sold in significant quantities in the United States. Our commitment to sustainability was recognized by the New York Stock Exchange through our inclusion in the Dow Jones Sustainability Index Emerging Markets.

We are manufacturers, investors, and innovators—providing first class products and services to our clients and achieving health, safety, environmental and operational excellence. Our commitment to investment and innovation stems from the strength and long-term vision of our two primary shareholders: the Odebrecht Group and Petrobras, which together hold the vast majority of the voting capital of Braskem.



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Odebrecht is a diversified organization with sixteen different businesses operating in 5 continents, generating annual revenues in excess of \$50 billion. With more than 180,000 team members worldwide, the Odebrecht Group focuses on providing sustainable solutions for infrastructure, water, energy, housing, industrial and food inputs in the communities it serves.

Petrobras is Brazil's state-owned energy company, a world leader in deep water drilling technology and the seventh largest energy company in the world. Operating in more than 25 countries, Petrobras is distinguished in its commitment to research and development, investment, and sustainability. The Petrobras Research Center is the largest in Latin America, and Petrobras' current investment plan portends \$236 billion in investments between 2012 and 2016. Additionally, Petrobras' status as one of the world's leading sustainable corporations has also been recognized by the New York Stock Exchange through its inclusion in the Dow Jones Sustainability Index since 2006.

Beyond stimulating innovation and investment, Braskem's unique shareholder composition translates into long-term strategic vision for our businesses and investment decisions and allows us to explore and capitalize on many valuable synergies in and among our shareholders and affiliates, including feedstock supply arrangements with Petrobras, recycled industrial water provision from Odebrecht Environmental, and engineering, procurement & construction services from Odebrecht Construction, among others. As a result, a decision by Braskem to invest in a new region or country often stimulates additional investment and activity by our affiliates seeking opportunities for synergetic growth and expansion.

**Braskem Investing, Serving, and Leading in the United States**

Braskem is one of the leading Brazilian Foreign Direct Investors in the United States. Since 2010, we have directly invested over \$600 Million in the US, highlighted by our acquisitions of Sunoco Chemicals and the Dow Chemical Company's polypropylene business. In some cases, our FDI has meant not just the influx of new capital and commercial activity to the US, but actual hope and relief for communities reeling from decades of manufacturing downsizing or relocations.

Such was the case in 2012 in Marcus Hook, Pennsylvania, where Braskem's acquisition of a raw material processing unit from Sunoco breathed new life into a once-thriving refinery



community in Southeastern Pennsylvania whose other industrial activities had all but ground to a halt leaving the community disproportionately affected by unemployment and other economic and social ailments. Our preservation and creation of approximately 130 direct manufacturing jobs and dozens of indirect employment opportunities in the community has served as the basis for new strategic public/private efforts to revitalize the Marcus Hook refinery complex.

Our FDI is not the only significant investment resulting from our presence here in the United States. To cite one example, we recently partnered with Enterprise Products Partners to become the primary offtaker of a new 1.65 billion pound Propane Dehydrogenation Plant to be constructed in the US Gulf Coast that is generating approximately \$1 billion of new capital investment and creating hundreds of accompanying construction and manufacturing jobs.

As a result of our FDI in the United States, Braskem America now has a geographic footprint that extends from the Northeast Corridor to the Texas Gulf Coast, with manufacturing locations in Texas, West Virginia, and Pennsylvania, and a state-of-the-art Technology and Research Center in Pittsburgh and corporate headquarters in Philadelphia. In just three years' time, Braskem has already become the United States' leader in polypropylene production, manufacturing more than 3 billion pounds per year of this important resin used in creating a multitude of plastics products that heavily impact our lives. With 610 full-time US employees and growing, our company's US revenues exceeded \$2 billion dollars in 2012 as we continue to look for new growth and investment opportunities here, in particular those deriving from the new energy outlook brought about by the abundance of shale gas.

### **A History of Investment and Service**

One of the reasons Braskem confidently chose to direct its resources and attention to the United States was due to the presence and experience of our controlling shareholder, Odebrecht. The Odebrecht Group's commitment to the United States dates back to 1990 when the engineering & construction division established its initial presence here in Florida and California. Over the course of the past 23 years, economic and community development, job creation, and partnership with the public and private sectors have been the central themes of the Odebrecht Group's presence in the United States.



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Odebrecht has delivered and continues to deliver billions of dollars in landmark projects to the communities where it operates, ranging from the Seven Oaks Dam in California, to the North and South Terminals at Miami International Airport, to the Grand Parkway in Houston—to mention only a few. Through these services, Odebrecht has created more than 11,000 jobs and awarded more than \$800 million in subcontracts to small businesses nationwide.

Odebrecht's more than two decades of providing engineering and construction services in the United States has also enabled our Group to develop relationships of trust and confidence by serving local, state, and federal government clients. Odebrecht's partnership with the US Army Corps of Engineers is emblematic and tells a larger story about the potential for cooperation among the United States and the Brazilian private sector. Our relationship of trust with the Corps of Engineers stems from nearly two decades of service across the globe. In 1999, Odebrecht received the Corps' "Contractor of the Year" award and has been recognized on numerous occasions by the Corps for its outstanding performance and safety record. After successfully serving the Corps in Kuwait, Odebrecht was one of the select few contractors who accepted the Corps' request to provide services in Iraq immediately following Operation Iraqi Freedom. Similarly, Odebrecht immediately mobilized to New Orleans following Hurricane Katrina's devastation upon the Corps's request, and has played a leading role in building the city's new hurricane protection infrastructure since 2005. This partnering relationship between Odebrecht and the United States federal government demonstrates that attracting Brazilian business and investment to the US not only provides direct economic and job creation benefits, but also the potential for introducing new service providers of choice to local, state, and federal government.

### **Expanding the Odebrecht Group's Footprint**

Following on Braskem and Odebrecht Construction's positive experiences of investing, serving, and leading in the United States, the Odebrecht Group has recently expanded its business footprint here through the arrival of Odebrecht Industrial (industrial services and construction), Odebrecht Environmental (water and wastewater solutions), Odebrecht Global Sourcing (procurement and logistics), and Odebrecht Oil & Gas (oil and gas industry related services). The Group's total US revenues now exceed \$2.5 billion annually.



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Odebrecht Oil and Gas' decision to expand to the United States in 2011 is an interesting case of how attracting Brazilian business and investment can create jobs and grow the US economy in unconventional ways. Odebrecht Oil & Gas's office in Houston generates employment for high-end engineering professionals and approximately \$100 million dollars in annual revenue (1) by providing project management services for an offshore oil platform in Angola, (2) through consulting services on the development and operation of offshore oil and gas platforms in Brazil, and (3) through procurement sourcing of US goods and services for these Angolan and Brazilian projects. This triangle of Brazilian investment, trade, and services between the United States, South America, and Africa reflects the increasingly global reach of Brazilian companies and the benefits that this reach can bring to the US economy.

This is one more example of the numerous ways in which Braskem and Odebrecht's presence in the United States are strengthening the US economy and creating benefits for our public and private sector partners and clients. On an annual basis, we spend hundreds of millions of dollars on US-based consultants, advisors, and service providers who engage on Braskem and Odebrecht projects throughout the world—many of which relationships were cultivated directly in the United States and later extended abroad as a result of our decision to invest here.

This generation of tangible and intangible wealth for our communities, clients, team members and shareholders stemming from our investment and activity in the United States has established our Group as a source of knowledge and confidence in helping to build commercial, cultural, and civic ties between the US and Brazil. We have been involved in the planning and execution of numerous trade and fact-finding missions to Brazil on behalf of our partners in the US, leading delegations ranging from political leaders to University presidents. In the past six months alone, we have played important roles in trade missions carried out by the Mayor of Los Angeles and the Governor of Pennsylvania. We have also showcased the United States to multiple Brazilian public and private sector stakeholders on similar missions, providing a first-hand testimonial as to our positive experiences as investors in the US. In the last two months alone, we have played an important role in bringing two Brazilian congressional, state government, and CEO delegations to Washington D.C. and the Marcellus shale region for fact-finding and investment missions surrounding shale gas exploration. We have found this deepening of relations between our Group and the United States to be a true win-win



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partnership, and serves as a model for the potential of increased Brazilian business and investment in the US. As we move forward, both Braskem and the Odebrecht Group continue to actively cultivate relationships of trust with our public and private-sector clients and partners, and are actively looking for ways to continue investing and strengthen our commercial ties here.

After 23 years of investing, serving, and leading in the United States, our Group's experience has demonstrated that Brazilian FDI brings overwhelmingly positive results for the US economy and for the communities in which we are present, in both traditional and novel ways. We recommend that this Committee continue to look favorably upon policies that encourage Brazilian investment and activity. In the meantime, we will continue to do our part in helping to grow the American economy, creating jobs, and generating wealth and prosperity for our clients, shareholders, team members, and local communities.

My warm thanks to the Committee for providing us this opportunity to share our success story with you.

Sincerely,

Fernando Musa  
CEO  
Braskem America