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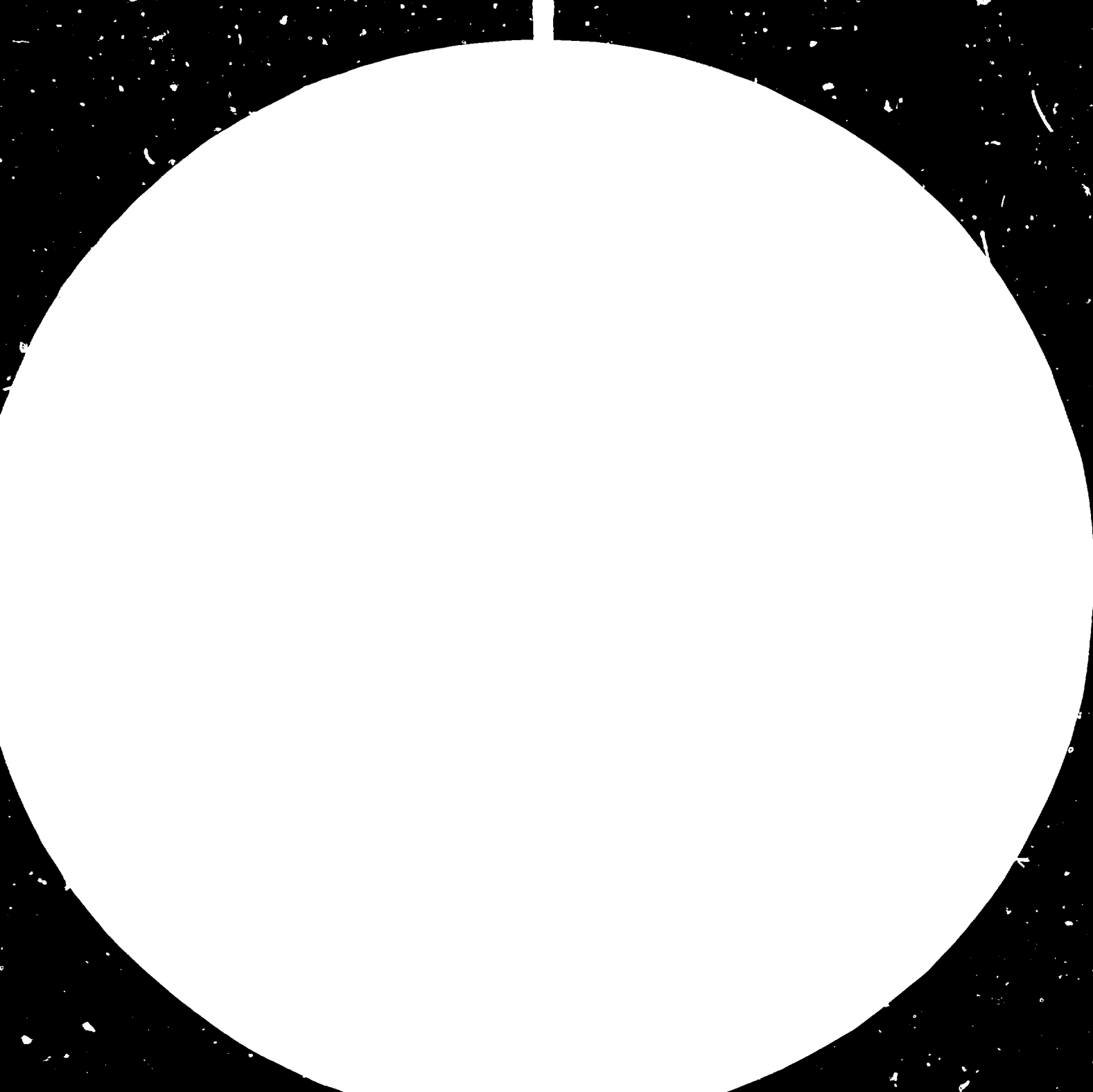
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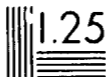
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Resolution Test Chart
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THE PETROCHEMICAL AND POLYMER INDUSTRIES IN COSTA RICA*

by

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002876

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Costa Rica is a very small country with a population of 2.2 million residents. It is located in Central America and is mainly an agricultural country. The petrochemical industry in this country is not well developed. One of the reasons for this is the high feedstock cost, by far the most important fact of economic life for petrochemicals.

It is clear that petrochemicals are products to be handled only by a strong, preferably a multinational company, with good connections to raw materials, oil and gas. Another solution would be its handling by companies owned by the State.

At present the economic situation of Costa Rica is in a bad shape. Inflation is worse than ever. The Colon, the Costarican currency has been devaluated from $\text{C}6.6 = \$1$ to about $\text{C}45 = \$1$. This has also stopped the development of the petrochemical and polymer industries. Changes in petrochemical demand are not expected in the next years.

Several projects including a 300,000 TM/year ammonium and urea plant using naphtha as a feedstock, and a 20,000 TM/year PVC plant have been stopped, and probably will not be initiated again until the economic situation gets better.

There exists also a fertilizer plant (90,000 TM/year) which imports the ammonium for its production.

Polymers have gained much in demand since the middle of the last decade, but during the last years prices were heading up and demand declined. PVC was hit by inflation as construction and other markets faltered. The textile industry was also hit hard.

During the last years Costa Rica had a fast development in the textile industry. There was a polyester fibre plant under construction but after it was half completed, construction was stopped. Now the textile industry is in great problems.

There is a company producing polyester and acrylic resins, but its 3,000 TM/year production does not cover the demand.

The demand for polyethylene is about 16,000 TM/year and of PVC about 15,000 TM/year. These are the two mostly consumed polymers in Costa Rica.

As already mentioned before the high feedstock cost caused by the high gas and petroleum prices in addition to the devaluation of the Colon and inflation has made it difficult to develop a petrochemical industry. Because of this reason the state-owned company RECOPE (Costarican Petroleum Refinery) which owns the only petroleum refinery in the country (18,000 barrels/day) has decided to start the search and exploration of petroleum and gas in 1981. There is a 75% chance of finding oil. If oil is found in sufficient quantities the petrochemical and polymer industries will have a good chance to improve and the economic situation would get better too. If this is not the case there are also several feasibility studies being undertaken to produce ethylene, polyethylene, VCM, PVC, styrene, etc. out of sugarcane alcohol which are petrochemical substitutes and derivatives out of ethanol.



