Regional focus

South & Central American fiesta

The South and Central American markets have experienced tremendous growth over the last decade creating opportunities for domestic and international companies. A number of trade associations are emerging making the region attractive – not only for the oil & gas and mining companies – but also in water, wastewater, biofuels and other sectors.

South and Central America are growing markets for pump companies. The countries have formed associations to help them trade with other countries. Their economies are growing, and Argentina and Brazil, the largest economies, have increased significantly. In the last 10 years Argentina’s GDP (expressed as a percentage of the world’s GDP in 2000) has increased 50%. Chile, Peru, and Colombia combined have increased 58%.

The region has several trade associations that play a major role in their trading. South America is divided into two trading blocs: Mercosur and Andean Community of Nations. Central America excluding Mexico, which is in NAFTA, has a trading bloc: CAFTA-DR (Dominican Republic-Central America-United States Free Trade Agreement).

Mercosur or Mercosol (also called the Southern Common Market) contains more than 250 million people and accounts for more than three-quarters of the economic activity on the continent. The full members are Argentina, Brazil, Paraguay and Uruguay, with Venezuela awaiting ratification. The associate members are Bolivia, Chile, Colombia, Ecuador and Peru.

Creating a common market

Another trade association is the Andean Community of Nations, comprised of Bolivia, Colombia, Ecuador and Peru. The Andean Community has over 100 million inhabitants. Its associate members are Argentina, Brazil, Paraguay, and Uruguay. The aim is to promote the expansion of markets and guarantee an effective economic development in the region.

CAFTA-DR is made up of the United States, Guatemala, Dominican Republic, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama. This agreement is creating new economic opportunities by eliminating tariffs, opening markets, reducing barriers to services, and promoting transparency. It is facilitating trade and investment among the seven countries and furthering regional integration.

Market economy

In 2010 Central America’s economy grew by 4.9% while South America’s expanded by 6.6%. Figure 3 displays the South and Central American markets forecast for 2012 by industries with other industries, the largest followed by water, refinery, chemical, oil & gas, pulp & paper, wastewater and mining. The markets in South and Central America by pump type for 2012 are forecast as shown in Figure 4 with centrifugal being the largest, followed by rotary, diaphragm, and reciprocating pumps.
More international companies

Recently, ITT Corporation acquired Canberra Pumps do Brazil, expanding the company’s pump manufacturing presence in the Latin American region. Canberra Pumps has an installed base of 20,000 pumps serving customers in the chemical, pulp and paper, and general industry pump markets. ITT intends to expand into Brazil’s oil, gas and mining industries, which demand dependable heavy-duty pumps and valves. Canberra operates a manufacturing facility in Salto, Sao Paulo State, employing 90 people. In 2009, the company generated approximately BR19 million (US$ 10 million) in revenues.

Weir SPM has opened a service centre in Macaé, Brazil, to support the increasing demand for on-site service and parts for oilfield companies operating offshore in Brazil and the surrounding South American countries. Weir SPM Macaé provides flow control, pump and pump part sales; flow control rectification and refurbishment; flow control rental; mobile rectification units for use on remote locations; and flow line safety restraint system sales and rental.

ClydeUnion Pumps and IMBIL Pumping Solutions have set up a joint venture company in Brazil, ClydeUnion IMBIL, which will supply pumps for the Brazilian oil & gas market, and for the domestic and international industrial and power markets. The venture will also allow ClydeUnion Pumps to offer aftermarket services for the large installed base of Weir Pumps and Union Pump equipment in Brazil.

Ruhrpumpen has a manufacturing facility in Buenos Aires, Argentina, and is adding a new manufacturing plant in Rio de Janeiro, which is to open in 2011. The Brazilian factory will also include a testing facility.

Industry segments

Other industries

Other Industries is the largest category of pump sales in South and Central America. A few recent sales examples are listed below. Torishima Pump Mfg. Co., Ltd. received an order from Fenix Power Peru S.A., Peru, for the Fenix Power Plant, a 530 MW combined-cycle natural gas-fired power plant south of Lima. Torishima will supply four boiler feed pumps each with a flow rate of 220 m³/h, two condensate extraction pumps each with a flow rate of 604 m³/h, two vertical circulating water pumps each with a flow rate of 17,262 m³/h, and two auxiliary cooling water pumps each of 4542 m³/h for the project, scheduled for completion in 2013.

Alfa Laval has received an order valued at approximately SEK135 million (US$20 million), with delivery scheduled for 2011 for a Brazilian brewery. The Alfa Laval equipment will be used in different stages of the beer-making process, including fermentation, cooling, filtration, blending and storage. The order includes a wide variety of hygienic products, such as valves, pumps, pipes, fittings and plate heat exchangers.

Oil & gas

Venezuela and Brazil are the major South American sites for oil & gas wells. Venezuela has large heavy crude reserves, and in Brazil the oil and gas wells are located offshore.

Brazil was the largest producer of liquids in South America in 2010, and the largest oil discoveries in recent years have come from Brazil’s offshore, pre-salt basins.

At Shell’s Parque das Conchas (BC-10) Field in the Campos Basin off Brazil, Baker Hughes has installed Centrilift XP™ enhanced run life electrical submersible pumping (ESP) systems in six vertical subsea boosting stations located on the seafloor. The ESP systems at BC-10 – located approximately five miles from the floating production, storage and offloading (FPSO) facility in 5250 - 6250 feet of water – are designed to add up to 100,000 barrels per day.

Tritech has recently supplied a significant number of its Merlin subsea pumps to South America. This follows local orders for Tritech’s Boost Pumps, a higher capacity pump from Tritech’s ZipJet family, specially designed for a global upstream technology company. A flow reversal valve can be operated to back flush the suction nozzle, should there be an obstruction. This allows the operator to break up heavy and cohesive seabed mud and sand prior to excavation.

Gusto BV has specified seawater lift pumps and electric fire pumps from Hamworthy for installation on board the Cidade de Paraty floating production and storage offshore (FPSO) vessel, due for delivery into Brazilian waters in 2013. Gusto, the design, engineering, procurement, project management and consultancy services arm of SBM Offshore, will operate the FPSO on behalf of Petrobras in the Tupi Nordeste development in the Santos basin pre-salt area under a 20-year lease agreement. Hamworthy Svanehøj’s new deepwell seawater lifting pumps and fire pumps ’DWS’ are available with a flow rate ranging from 700 m³/h to 1700 m³/h and with a differential pressure up to 180 mlc.

Figure 2. South and Central America are growing markets for pump companies. Their economies are with Argentina and Brazil being the largest economies. In the last 10 years Argentina’s GDP (expressed as a percentage of the world’s GDP in 2000) has increased 50%. Chile, Peru, and Colombia combined have increased 58%.

www.worldpumps.com
Mining

Mining is a large part of the South and Central American pump market. Regionally, Latin America (led by Mexico, Peru, Chile, Brazil, and Argentina) was the top exploration destination in 2010 — a position it has held for the better part of two decades. Gold was the leading target, attracting more than half the global exploration budget total, with copper a distant second.

GIW Industries recently installed a 150 LCC 20(XH) cyclone feed pump at a gold mine in a remote region of Northeast Peru, providing the mine with a reliable pump solution that significantly exceeded expectations. The pump faced a formidable task in harsh conditions: moving raw ore and water (slurry) inside the plant from the Mill Discharge to the Cyclone Clusters — where small particles of ore are sent to the flotation circuit in order to recover the sulphides that contain the gold. The rough particulates in the slurry are extremely corrosive, and slurry pumps tend to wear out quickly in such conditions. GIW’s LCC pump improved performance in relation to previous pumps used in the gold mine, with a total lifecycle of 1500 hours for the suction liner, 1500 hours for the impeller and over 1500 hours for the shell.

Wastewater treatment plants

Latin America has recently emerged as a growing market for the use of wastewater treatment technologies. The countries of Latin America were delayed in employing advances in the wastewater market due to other infrastructure priorities. However, growing populations and urban development have created a greater need for wastewater treatment and innovation than in the past.

Examples of some of the wastewater initiatives planned or underway in Latin America include:

- Chile, Brazil and Colombia are at the forefront of efforts to update and upgrade their wastewater treatment infrastructures and to use state of the art technologies
- Panama has initiated a complete revamp of its sewer collection system to divert all the wastewater to treatment facilities in an attempt to clean up coastal areas and beaches
- Aruba, one of the pioneers in wastewater treatment and reclamation in Latin America, is in the process of building a second wastewater treatment plant

Biofuels

Sugar has been grown in Brazil for 500 years, and the country is by far the world’s largest sugar exporter. Sugar now also forms the nucleus of a new agro-industrial and renewable energy complex. Biofuels, mainly derived from sugar, are Brazil’s most important source of energy after oil. Brazil is second only to the US in ethanol production.

South and Central America have growing economies which present an opportunity for pump companies to increase their sales figures. Oil & gas, mining and wastewater treatment are some of the industry segments that present future expansion potential.

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