



BRAZIL A HUGE OIL & GAS MARKET

at the tipping point for world renowned success

ApexBrasil

BRAZILIAN TRADE AND INVESTMENT
PROMOTION AGENCY



Oil & Gas (O&G)

A priority
to the

**BRAZILIAN
GOVERNMENT**



Petrobras
\$220.6 billion
in investments
that **GENERATE
OPPORTUNITIES**





The Next Big Producer

According to the Organization of the Petroleum Exporting Countries (OPEC) 2011 World Oil Outlook, Brazil is set to be one of the largest suppliers of conventional oil in developing country regions beyond the current OPEC member countries.

Estimates of reserves in the Pre-salt area range from 50 to 80 billion barrels of high-quality oil, according the Brazilian National Petroleum Agency and market analysts around the world.

To date, 15.8 billion recoverable barrels of oil have been found in the Lula and Sapinhoá commercial Pre-salt fields alone. According to Petrobras, the state-owned oil and gas operator, current production of the Pre-salt layer is 400.000 boe/day, or about 18% of total Brazilian production.

The Oil & Gas (O&G) sector is a priority for the Brazilian government. Growth in production, recent attractive reserve discoveries and the possibility of unconventional oil production has led to modifications in regulations that encourage direct investment, increased research and development and foreign participation in production and in the supply chain.



A Long Term Investment

Petrobras controls around 90% of refining capacity, 90% of petroleum production and about 25% of petroleum and ethanol distribution in Brazil. Due to the volume of purchases, the company is available for and seeking long-term agreements with providers.

International Oil Companies (IOCs) such as Statoil, Shell, BP, Chevron have been producing oil since the end of Petrobras monopoly in 1997 and they all have plans to increase their participation in this market.

According to Petrobras business plan for 2014-2018, the company is expected to invest over US\$220 billion over that period, of which 70% will go to exploration and production through partnerships.

Petrobras has announced in their 2014 Procurement Policy and Critical Equipment Supply report that the company alone will require over 1.3 million tons of steel for hulls, over 570 wet and dry christmas trees, 3,667 km of flexible pipes, 338 compressors and a myriad of other products to support aggressive production expansion plans for 2014-2018.



New Bidding Rounds

The Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) has organized in 2013 three new bidding rounds (www.brasil-rounds.gov.br) for conventional and non-conventional oil and gas exploration under both concession and sharing system regimes. Approximately R\$ 18 billion were raised on the 3 rounds:

1. **11th round** – Concession Regime
May 2013
 - Equatorial Margin
 - Onshore and offshore blocks (289 blocks)
 - Raised R\$ 2,8 billion
 - 155.8 thousand square Km
2. **12th round** – Concession Regime November 2013
 - Natural and unconventional gas
 - Onshore blocks
 - Raised R\$ 165 million
3. **1st round** – Sharing System Regime
October 2013
 - Pre-salt area – Offshore blocks
 - Raised: R\$ 15 billion

Any new bids with ANP or contracts with Petrobras for equipment and services must comply with an average of 70% local content requirement. Not only does this promote strong internal investment, but local content is expected to improve post-sales services and maintenance, delivery times as well as hedge against global demand-causing delays.

There are minimum local content requirements across all areas, ranging from 35% to 85%, including exploration and production (E&P), refineries and gas and energy.

The Brazilian National Development Bank (BNDES) is ready to give finance support to investments in the sector and in its supply chain.

Currently, the supply of local parts and equipment is not sufficient to cope with the high production growth in O&G in Brazil.

The O&G market is ripe for breakthrough development in Brazil and the need for increased locally manufactured services and equipment is great.

Top R&D and Workforce Potential

Research and development (R&D) has become crucial to O&G in Brazil, driven by increasing demand for non-conventional oil, improved recovery from existing fields, cost-effective solutions for new development in deep-sea fields as well as new materials for Pre-salt basins.

Brazil has the technical and scientific resources to produce top-level, innovative R&D in the O&G sector as well as an educated and seasoned workforce.



O&G. A sector
that innovates
more and more
in Brazil



BRAZIL.
The country
of opportunities
is also a country
of qualified
labor force



Best Investment Opportunities in Oil & Gas

Brazil is primed for investment in many areas of the O&G sector. The demand for equipment and services by Petrobras and other foreign operators in the next 10 years far extends beyond the capacity of the current local supply chain. Immediate opportunities exist to fill these gaps in-market. In addition, the focus on R&D and technical capacity should drive technology transfers and innovation in needy areas such as marine engineering, offshore logistics, advanced drilling and subsea technology, further fuelling equipment and service demand in these areas.

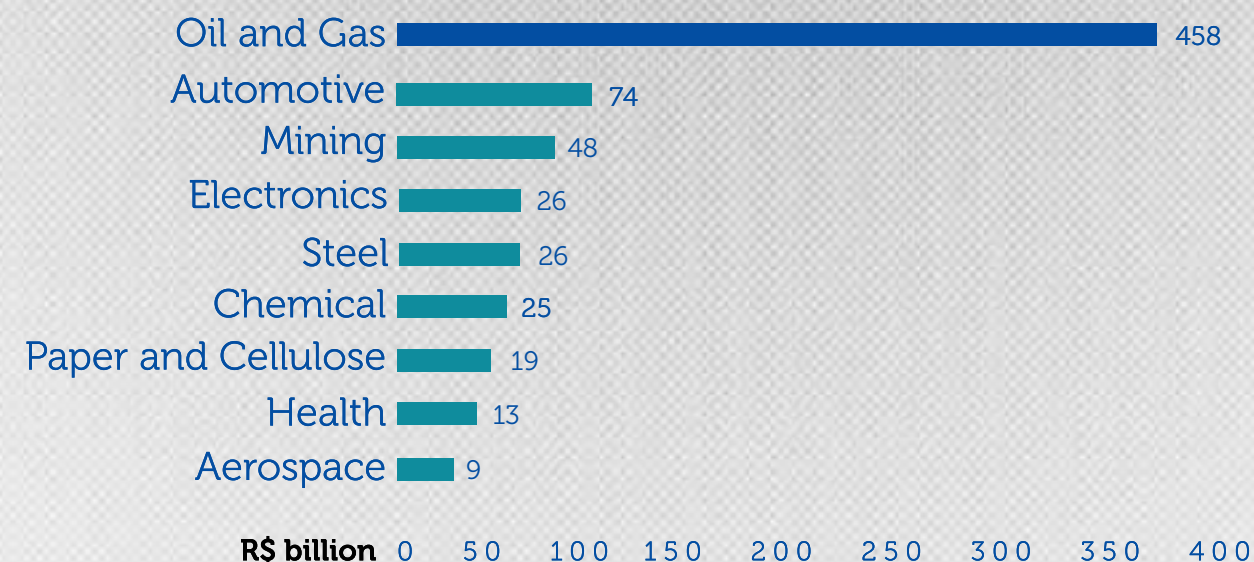
The Brazilian National Development Bank (BNDES) and the Studies and Projects Financing Company (FINEP) launched an O&G innovation credit fund called INOVA Petro, aimed to foster the development of new technologies for the sector.

Regulations for companies bidding on highly productive O&G contracts require that operators reinvest 1% of gross revenues into local R&D both internally and externally at local universities. Part of such investments shall fund scholarships to O&G-related studies.

Qualified Workforce

According to the Academic Ranking of World Universities, six of the top ten leading universities in Latin America are located in Brazil. This includes the top university, the University of São Paulo (USP).

INVESTMENT FORECAST IN BRAZIL / 2014-2017



Source: BNDES. Study: Visão do Desenvolvimento nº100 - April 2012

Oil and Gas: 67%



They Have Already Chosen Brazil

In 2013, Brazil received over US\$ 8 billion into the O&G exploration sector, accounting for over 16% of total FDI inflow. Multinationals have been present in the country as early as the 1950's. Others are rushing to stake their ground. Take a look at just some of the players in Brazil today:

Chevron	Repsol	BP
GE Wellstream	El Paso	FMC
Aker	Galp Energia	Anadarko
Siemens	Repsol	Hamworthy
MFX	Statoil	Flowserve
Oceaneering	Technip	Trelleborg
BG Group	Sinopec	Sulzer
NKT Flexibles	ONGC	Sandvik
Butting	TNK-BO	Alstom
Prysmian	Cameron	Exxon Mobil
Schwartz	Baker Hughes	
Schlumberger	Georadar	
TenarisConfab	Rolls-Royce	
Dresser-Rand	Clariant	
Duco	Vallourec & Mannesman	
Nexans	Shell	

Apex-Brasil Services & Contact Information

Apex-Brasil is your first step towards establishing sound, profitable business in Brazil. We aim to facilitate your entrance into Brazil, helping you to identify opportunities and find the right information for your business, assisting you to select the site and get in touch with the right people at the right places. All that to foster direct, productive investment that will strengthen supply chains, create jobs and inject technological innovation into our growing economy. If your aim is to establish long-term investment in Brazil, we can help:

- Facilitate your entrance into Brazil;
- Help identify opportunities;
- Find the right information for your business;
- Assist with site selection process;
- Put you in touch with the right people at the right places..

Contact for Oil & Gas Sector

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and innovation
to extract oil in
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**Development, Industry
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