

## Brazil's Challenge: Avoiding Oil Curse, Says Minister

Contributed by Ivan Richard  
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According to a close aide to Brazilian president, Luiz Inácio Lula da Silva, Brazil is faced with two challenges concerning the pre-salt layer: keeping investment in drilling and exploration for oil in that region, and preventing the country from being affected by the so-called "curse of oil," i.e., the de-industrialization of the economy and economic dependency on oil reserves.

The statement was made this Wednesday, December 3, by the Chief of Staff of the Presidential Administration, Dilma Rousseff, during a joint public hearing at the House of Representatives, in Brazilian capital Brasília.

The minister also said that it is not true that the pre-salt is only going to be explored in the future. "The pre-salt is supposed to be explored right now, and it is a key tool for positioning Brazil within the resumption of economic growth," she said.

Rousseff also listed measures that the country should adopt so that exploration in the pre-salt will generate revenues and, at the same time, economic development and employment.

According to her, Brazil must launch tenders in order to hire probes and supply boats, sign long-term contracts for providing services and offering support to the expansion of capacity of the naval industry.

According to the Chief of Staff, due to the high volume and quality of oil in the pre-salt layer, Brazil will go from oil importer country to exporter country.

She was invited to attend the joint public hearing of the House of Representatives that discusses the impact of the global economic crisis on Brazil and the government actions for fighting it.

Despite the world economic crisis, Brazil is going to keep all the investment projects planned for 2009 and 2010, said Rousseff.

The minister assured that Brazil is in better economic shape today than it was last year. She also informed that investments from the PAC (Growth Acceleration Program) are going to be increased by 26% up to 2010, going from 474.8 billion Brazilian reais (US\$ 198.2) to 636.2 billion reais (265.6 billion).

"We will go on with investments in pre-salt and the social programs," stressed Dilma, emphasizing that the Growth Acceleration Program is one of the most important measures to efficiently tackle the crisis situation.

Dilma also said that prices of gas and other oil byproducts will not go down despite the slump in prices for a barrel of oil. And she explained: "The same way we didn't pass the price increase to the market when the barrel of oil hit US\$ 147, we won't do it now."