
All Signed for Brazil to Start Getting US\$ 10 Billion Chinese Loan

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Petrobras, the Brazilian state-controlled oil and gas multinational, informed that it has signed a contract with the Chinese permitting the first payment from a US\$ 10 billion loan from China to help the company finance upcoming investments.

Offered by the China Development Bank, the credit will help underwrite Petrobras' developments up to 2013, which anticipate investments of US\$ 174 billion. The financing deal was first announced last May.

The credit is conditioned on Petrobras supplying oil to the Chinese refining company Sinopec over the next decade, starting with the first installment of the loan.

Under those terms, Petrobras will export 150,000 barrels of oil a day to the Unipac Asia subsidiary for the first year of the agreement and 200.000 barrels a day for the rest of the contract.

In related news Brazilian congressional committees passed on Wednesday two of four bills designed to overhaul the country's oil legislation and give the government greater control over vast new offshore reserves.

Developing the new oil fields, which lie below a thick layer of salt deep beneath the ocean floor, will cost an estimated US\$ 400 billion and could make Brazil one of the world's top ten oil exporters.

Committees in the House of Representatives approved a bill creating a fund that would invest oil revenues in education, health, and environment. A second bill was approved to create a new state agency to administer the new sub-salt oil contracts.

There is no consensus among legislators on two other bills that make up the oil reform package. One would give state energy giant Petrobras new oil fields held by the state, boosting the company's capital.

Another bill would change the existing concessions system to a production-sharing model, requiring that Petrobras operate and hold a minimum 30% stake in all new projects in the offshore sub-salt province.

Michel Temer, head of the lower house, wants to begin voting all four bills in the plenary on November 10. If approved, they would then go to the Senate, where the government has a narrower majority than in the House.

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