

Brazilian Loan to Angola to Be Secured by Oil

Contributed by Carolina Pimentel
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The Brazilian government will grant the government of Angola US\$ 580 million in credit over the next three years. As a guarantee, Angola will supply Brazil 20 thousand barrels of petroleum per day.

The protocol of understanding was signed yesterday by the Ministers of Finance of Brazil, Antônio Palocci, and Angola, José Pedro de Moraes Junior, as part of the official visit to Brazil by the Angolan President, José Eduardo dos Santos.

According to the protocol, Brazil will make US\$ 180 million available this year, US\$ 250 million in 2006, and US\$ 150 million in 2007. The resources will come from the Export Finance Program (Proex) or the National Economic and Social Development Bank (BNDES). The Export Finance and Guarantee Committee (Cofig) will coordinate the operations.

The revenues derived from the petroleum are currently worth US\$ 350 million per year and will be used by Angola to pay its overdue debts to Brazil and debts as they come due in the future.

If any money is left over, it will be returned to the Angolan government, although US\$ 150 million will be held as a guarantee against eventual oscillations in oil prices during the period of the agreement.

At the ratification ceremony, President Luiz Inácio Lula da Silva emphasized Brazil's confidence in the Angolan economy.

"We were the first country to settle Angola's bilateral debt. We remain confident. That is why Brazil is increasing considerably its lines of credit for the exportation of goods and services to Angola," he said.

Over the past ten years, Brazil has lent US\$ 810 million to the Angolans. Angola has already repaid more than US\$ 1.5 billion in loans.

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