

Brazil to Shift to Domestic Providers in Oil Sector

Contributed by Isaura Daniel
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A meeting with large companies in the oil and gas sector could generate business deals of at least US\$ 6 million for micro and small businessmen from 12 Brazilian states over the next 12 months.

Suppliers and buyers met, on September 4 and 5, in a business roundtable during Rio Oil & Gas 2004, an international sector fair that started at the beginning of the week and will go on until tomorrow, in Rio de Janeiro, in southeastern Brazil.

These purchases of US\$ 6 million were closed on the first day of the event alone. Today, the Brazilian Micro and Small Business Support Service (Sebrae), one of the promoters of the event, together with the National Organization of the Petroleum Industry (Onip), will be publishing the final result of the event. The figure, however, is already greater than the initial forecast of US\$ 3.5 million.

A total of 196 micro and small companies participated in the event so as to be able to offer products that range from equipment for platforms, valves and software to maintenance or cleaning services.

On the other side of the counter were oil sector giants like Brazilian Petrobras, and international companies Halliburton, Weatherford and Schlumberger.

Although some of the companies, among them US company Halliburton, have foreign capital, all of them have operations in Brazil.

The micro-businessmen who participated in the business roundtables were trained by the Sebrae, together with another 760 small Brazilian companies, to serve the large players in the sector. The roundtable and the training are part of a greater project to replace sector import for products made by domestic producers.

"Petrobras currently purchases 50% of its products on the domestic market, and 50% on the foreign market," stated the director-superintendent of the Sebrae in Rio de Janeiro state, Paulo Maurício Castelo Branco.

The companies in Campos basin that are directly contracted by Petrobras, where the state-owned oil giant has one of its largest operations, execute just 10% of their purchases domestically, according to Castelo Branco.

In the region there are, however, 400 potential suppliers for the oil and gas sector. Around 90 of these companies were trained within the Sebrae and Onip program and are already providing services directly or indirectly to large companies.

The training program began in 2002. Up to now, the small entrepreneurs are only exploring the domestic market. The intention, however, is to go after international contracts later on.

"Companies that can offer good prices and quality services to organizations like Petrobras are prepared to supply to companies anywhere in the world," stated Castelo Branco.

Oil Mayors

Yesterday, during Rio Oil & Gas, the Sebrae also released a guide for mayors of oil producing cities. The purpose of these publications is to provide orientation to administrators as to how the local community can benefit from the exploration of oil and gas.

The Sebrae is working on the establishment of a nation-wide network of oil producing cities, following the experiment in Campos Basin.

In the region, around ten cities, among them Macaé, Cabo Frio and São João da Barra, established the Organization of Cities in the Campos Basin Region to discuss actions turned to the oil area.

The Sebrae wants to expand the program around the country so that the mayors can discuss ways to guarantee the quality of life of populations living around platforms and the refining industry, how to establish a supply infrastructure in the region, and also how to work so that the local economy can have other alternatives for when the oil finishes.

In Brazil there are, according to the Sebrae, around 800 cities with incomes generated by the oil and gas sector.

The Fair

Up to Thursday, Rio Oil & Gas should receive around 35,000 visitors, according to forecasts by the Brazilian Oil Institute (IBP), the event organizer.

Around 800 exhibitors from 35 countries, among them the main world producers in the gas and oil area, are participating in the event.

Apart from the fair, there will also be a series of talks turned to the area. One of the themes to be discussed today is the natural gas sector.

Service

Rio Oil & Gas Expo and Conference

Date: October 04 to 07

Exhibition: from 12:00 pm to 08:00 pm

Conference: from 01:00 pm to 07:00 pm

Location: Riocentro, Avenida Salvador Allende, 6555 - Rio de Janeiro (RJ)

Information: (+5521) 2532-1610

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