

Brazil and Nigeria Drop the Middleman in Oil Deals

Contributed by Nelson Motta
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Brazilian President Luiz Inácio Lula da Silva and the President of Nigeria, Olusegun Obasanjo, have signed a series of agreements. One of them determines the increase of Brazilian exports by US\$ 500 million.

According to Minister Luiz Fernando Furlan, of Development, Industry and Foreign Trade, Brazil will export more aircraft, buses, construction material, farm goods, ethanol and tropical fruit to Nigeria.

Furlan added that in the petroleum sector negotiations will now be direct at the government level. "Today we go through middlemen to buy petroleum and sell gasoline and ethanol in our dealings with Nigeria.

"As of now, with this new agreement, Petrobras and the NPC (Nigeria's state-run oil company) will negotiate directly. That means an improved business environment for both sides," said the Minister.

With regard to Nigeria's debt to Brazil, originally US\$ 36 million, but which has risen to US\$ 150 million with interest, the agreement will mean that Nigeria will recognize the debt, said Furlan.

Ministry data shows that in 2004 Brazil exported goods worth US\$ 505 million to Nigeria and imported US\$ 3.5 billion (up 130% from 2003), of which 97% was crude petroleum. It is expected that Brazil's trade deficit with Nigeria will reach US\$ 4 billion this year, which is Brazil's biggest trade deficit with any one country.

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