

Lula Promises to Make Brazil an OPEC Member and World's Greatest Energy Power

Contributed by Newsroom
Sunday, 04 June 2006

Brazilian President Luiz Inácio Lula da Silva promised an "energy revolution" that will make Brazil a member of OPEC and a leading exporter of bio-fuel.

Speaking at São José dos Campos, in São Paulo state, Lula announced a US\$ 2 billion investment program in four main projects, including the modernization of the country's largest refinery.

He also underscored the "self-sufficiency" achieved by Petrobras, which now produces as much oil as Brazil consumes domestically, in the range of 1.8 million barrels per day.

"We are now self-sufficient in oil and we'll soon join OPEC (Organization of Petroleum Exporting Countries), because we are going to become big oil exporters" he said.

Petrobras expects to export an estimated 500,000 bpd by 2010. However analysts doubt the president's optimism given the growth rate of domestic consumption.

Lula said that this month he will announce the construction of 26 ships of a total of 46 that will be built with Brazilian steel at Brazilian shipyards.

He also described as an "extraordinary success" the Biodiesel Program for producing diesel fuel from seeds rich in oil, such as castor beans, palm kernels and soybeans.

"Brazil in the 21st century will become the world's greatest energy power" said Lula adding that Petrobras has an ambitious domestic and overseas exploration program.

"Wherever there is oil, we'll be there competing. But at the same time we are going to be planting oil," he said.

Further on President Lula spoke about Brazil's natural gas industry which will expand from deposits within Brazilian territory, "which will enable Brazil to enter an era of energy-independence. We won't need to be fighting with Bolivia, with Chile, with Argentina, the United States, Iran, Iraq," he highlighted.

Currently the São José dos Campos refinery processes 250,000 bpd and modernization contemplates the construction of 16 new cracking units to obtain products of higher added value and greater demand in the market.

Brazil's energy matrix is already fairly diversified: 65% is hydroelectric, and Petrobras has found significant natural gas reserves off shore the Atlantic and in the Amazon.

Brazilian political analysts reacted cautiously to the announcements recalling that President Lula da Silva will be facing reelection next October and that Bolivian president Evo Morales unbending decision to raise the cost of natural gas represents an unexpected setback for Brazilian industry.

Bolivian natural gas represents 75% of energy supply to São Paulo, the country's industrial hub.

Mercopress - www.mercopress.com