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Companies Eye Brazilian Energy Sector

By Derek Andersen

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Representatives from Russia and Brazil have agreed at an oil and gas conference in Rio de Janeiro to explore Russian participation in the Latin American country's energy sector, the Energy Ministry said Tuesday.

A senior Energy Ministry official, Stanislav Dorzhinkevich, told attendees that "the Russian government is prepared to provide multifaceted support for the expansion of cooperation between Russian and Brazilian companies," the ministry said in a statement.

Russian and Brazilian businessmen and officials met for more detailed talks on the sidelines of the Sept. 13-16 conference. The Russian side included representatives from Gazprom, Zarubezhneft, Power Machines, the Energy Ministry and other industry heavyweights. The Brazilian National Agency of Petroleum and Petrobras, the state-controlled Brazilian oil company that is the country's only oil exporter, represented Brazil.

"Practical steps for cooperation were considered" at the meeting, without reaching specific agreements, the ministry statement said.

Cooperation in oil production is likely to involve extremely deep offshore oil fields, where much of Brazil's reserves are found. International producers Shell, Chevron and StatoilHydro are already active on those fields.

"It is not clear what advantages Russia offers for oil production," said Andrew Neff, senior energy analyst at IHS Energy in Washington. "It is much more geo-strategic. Russia lends its pre-eminence and reputation to Brazil and allows it to say that it is diversifying on its own terms and own rights."

Brazil ranks 15th among the world's oil-producing countries, but continuing discoveries of undersea reserves mean that it may rise to greater prominence on the international market. Oil plays a prominent role in the Brazilian national economy.

Foreign companies have so far had limited access to the Brazilian energy sector, which is characterized by a high degree of state control. That situation may ease after an Oct. 3 presidential election.

Dilma Rousseff, a former mining and energy minister and Petrobras chairman, is heavily favored to win that race. She enjoys a reputation for being investor-friendly.

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