

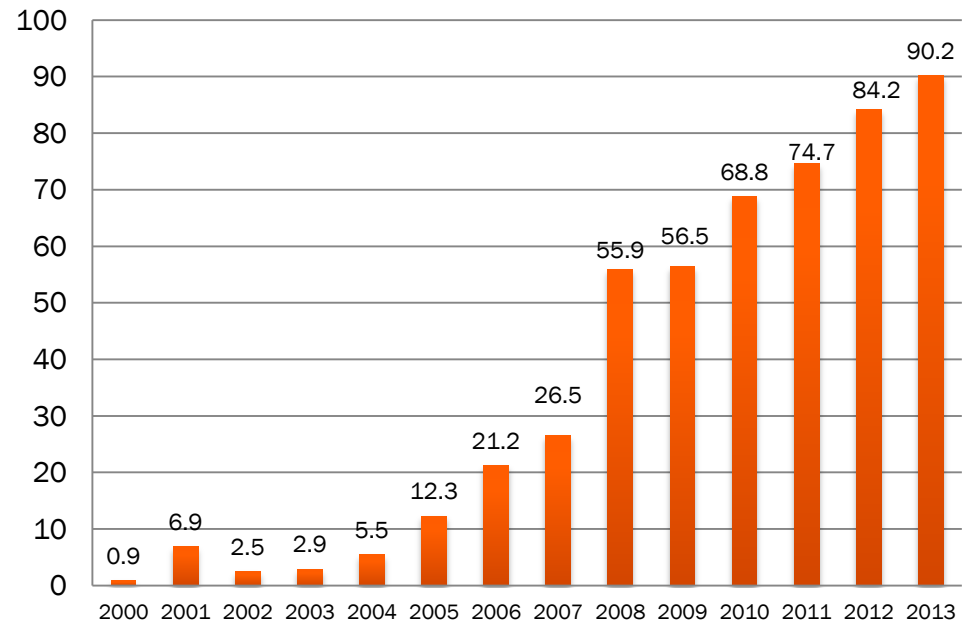
CHINA'S INTEREST IN BRAZIL'S OIL

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SÃO PAULO, BRAZIL
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CHINA: BACKGROUND

- “Go Out” policy
- FDI increases (SOEs)
- Motivations
 - Rapid economic growth
 - Growing thirst for oil

China's Annual FDI Outflows: 2000-2013
(\$ billions)

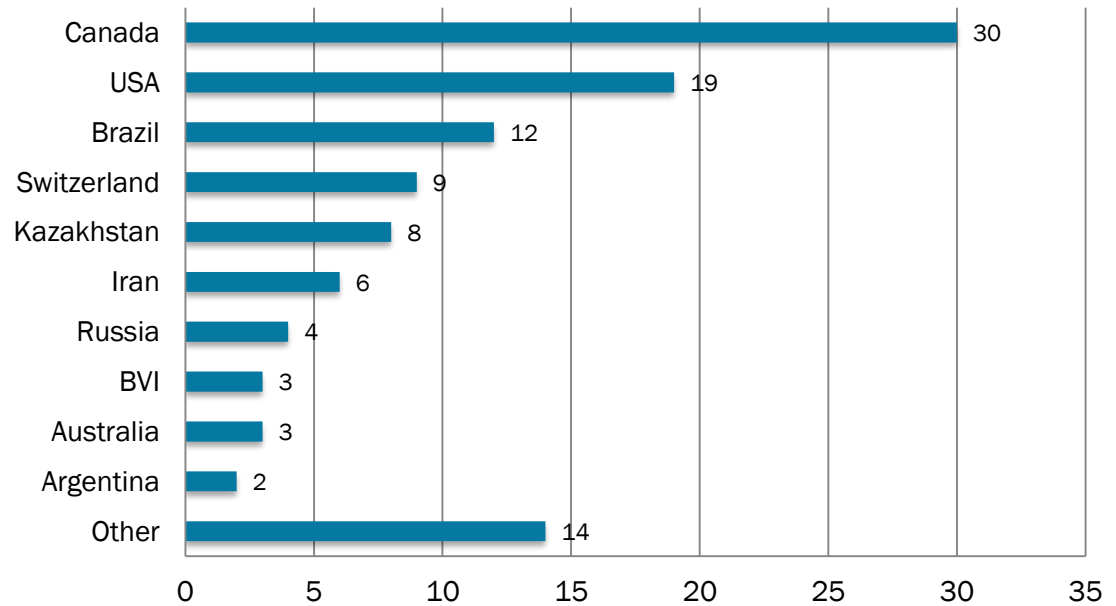


Source: Data for 2000-2012 are estimates made by the United Nations. Data for 2013 are from the Chinese Ministry of Commerce and exclude financial FDI outflows.

CHINA'S ENERGY STRATEGY

- Rising domestic demand
- Resource oriented investments
- Oil backed loans

China Oil & Gas Investments by Value: 2005-2012
(\$ billions)



Source: Bloomberg, FDI Markets, Deloitte Research

CHINA'S RELATIONSHIP WITH BRAZIL: BACKGROUND

- Reestablished diplomatic relations in 1974
- Intensified political and economic ties over the past decade
- Economic synergies across several sectors

CHINA'S DRAW TOWARDS BRAZIL

Clear Complementarities

- Chinese fossil fuel deficit is expected to increase
- Brazil requires capital and infrastructure to grow

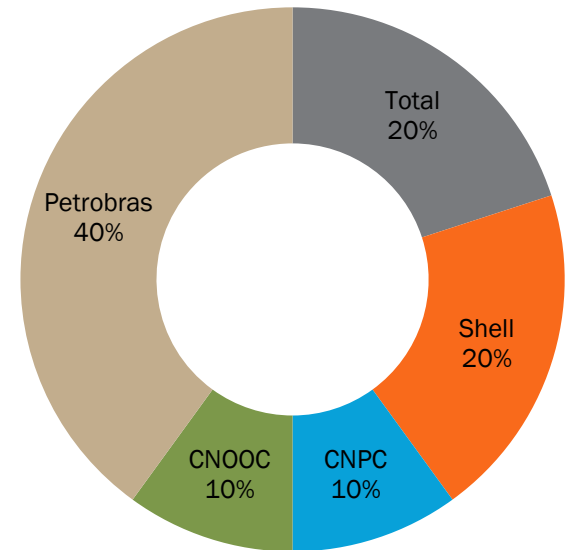
Conduit of technology transfer

- China lacks deepwater technology
- Brazil wants to expand renewables energy profile

CHINA'S STRATEGY IN BRAZILS OIL SECTOR

- Upstream vs. downstream investment
- Pre-sal Consortium
- Meets demands of growing middle class

Libra Auction Consortium
(% share)



Total Chinese NOC share: 20%

FUTURE DEVELOPMENTS

- Growing energy demands
- Potential for increased role within Brazilian energy sector
- Structural Reform Agenda driving investment strategy
 - New Urbanization Plan (2014)
 - No. 1 Central Document

APPENDIX

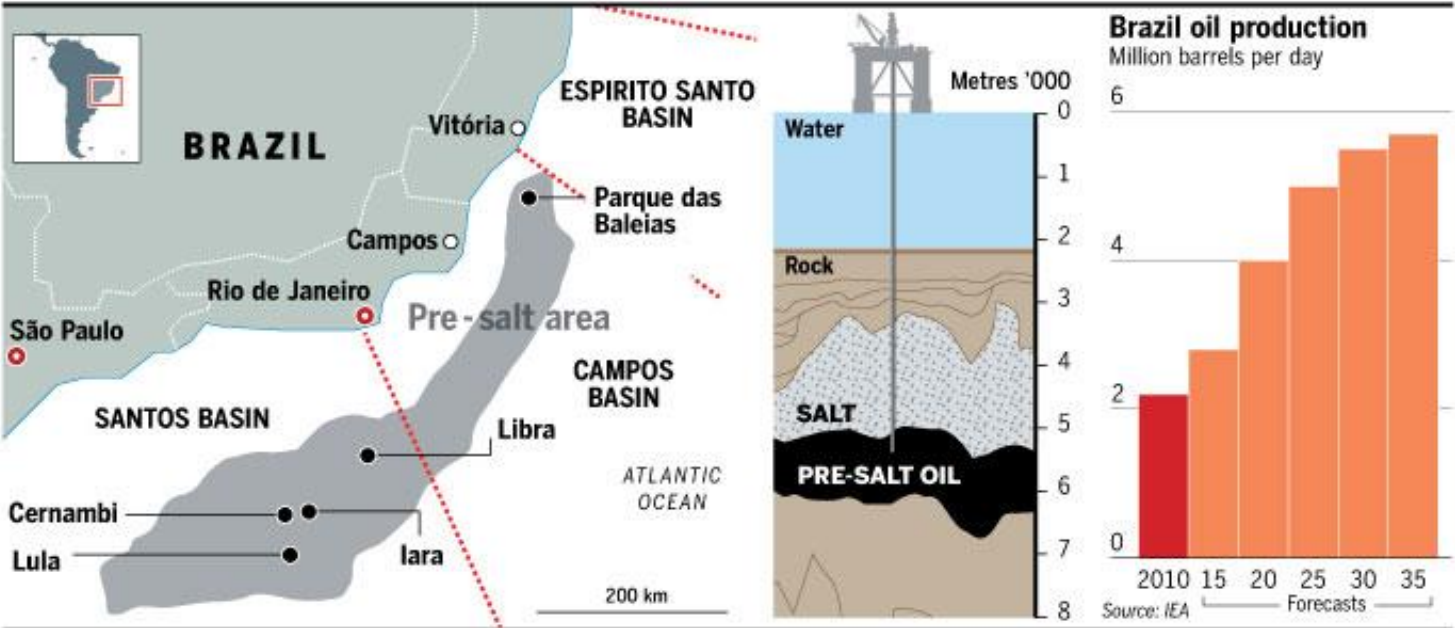
Table 1 • Overview of Chinese investments and co-operation in the Brazilian oil and gas sector

| Year | Chinese partner | Local partner | Value of deal (USD million) | Status | Means of market entry |
|--------------|---|---|-----------------------------|-----------|-------------------------------|
| 2006 2008 | Sinopec Corporation | Petrobras (Gasene pipeline) | 1 290 | Completed | Contract |
| 2008 | Sinopec Corporation | Petrobras | n/a | Confirmed | Strategic partnership (MoU) |
| 2010 | Sinopec Corporation | Repsol Brasil | 7 111 | Completed | JV (60/40) |
| 2010 | Sinochem Group | Statoil ASA (Peregrino oilfield) | 3 070 | Completed | Partial acquisition (40%) |
| 2010 | Sinopec Corporation | Petrobras (blocks BM-PAMA-3 and -8) | undisclosed | Completed | Farm-in agreement |
| 2011 | Sinochem Group | Petrobras | n/a | Confirmed | Strategic partnership (MoU) |
| 2011 | Sinopec Corporation | Petrogal Brasil | 4 800 | Confirmed | Partial acquisition (30%) |
| 2011 | CNPC (Baoji Oilfield Machinery Company) | Brasil China Petroleo and Asperbras | 25 | Confirmed | JV (34% CNPC stake) |
| 2012 | Sinochem Group | Perenco (five blocks in Espirito Santo basin) | undisclosed | Confirmed | Minority stake purchase (10%) |
| | | | TOTAL: 16 296 | | |

Note: CNPC ■ China National Petroleum Corporation; MoU ■ Memorandum of Understanding.

Source: compiled by the IEA from news coverage and annual reports.

APPENDIX



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