

## Financing Trends in the Brazilian Oil and Gas Industry

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The next few years promise to be interesting times in Brazil. Approval of reforms to modernize the economy are the most important structural measures on the new president's agenda. Reforms relating to the oil and gas industry could not be more favorable.

There is a turnaround in the Brazilian energy sector, compared to recent years, when the industry faced a five-year discontinuance of bidding rounds (2008-2013), the oil price collapse (2014-2016), and a reduction in investments by the Brazilian national oil company, Petrobras.

Recently, Brazil has seen a comeback in drilling activity and a new era of foreign investment in the sector. Opportunities are particularly attractive in Brazil's pre-salt area, which has proven reserves of approximately seven billion barrels of oil and 195 billion cubic meters of gas (as of December 2017), and is considered to have the largest share of global deep water crude oil production.

The importance of the pre-salt area and deep water reserves in Brazil is reflected in the statement made by Roberto Castello Branco, who was recently appointed Chief Executive Officer of Petrobras by the new government, that for the next several years the company will focus on major deep and ultra-deep water upstream projects.

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