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América Latina frente al Crecimiento de India y China

Petrobras Worldwide



Petrobras activities in India

Petrobras has recently started exploration activities in India:

June/07 - Petrobras and ONGC (Indian National Oil Company) signed an agreement to exchange participations in 3 Indian blocks and 3 Brazilian blocks

October/07 – A farm-out agreement settled Petrobras entrance as a minor stakeholder in the blocks KG-98/2, MN-98/3 and CY-2001/1 in the Indian Coast

The Block KG-98/2 has a discover under evaluation and the other two are still in the exploratory phase.

Petrobras is not the operator in any of the blocks, but has an option to be a “technical advisor”.



Mahanadi Nec Basin
ONGC 60%
Petrobras 40%
EXPLORATORY PHASE

Krishna-Godavari Basin
ONGC 40%
StatoilHydro 20%
Cairn 10%
Petrobras 30%
DISCOVERY UNDER EVALUATION

Cauvery Basin
ONGC 55%
OIL 20%
Petrobras 25%
EXPLORATORY PHASE



Trade balance with India



Low dependency of Brazil in relation to India



Although the commercial flow (exports + imports) between Brazil and Indian has grown in the last 10 years, from US\$ 370 million to US\$ 2,4 billion, India still accounts for a very small portion of Brazil's trade balance:

- India represents 0,6% of Brazilian total exports
- India represents 1,6% of Brazilian total imports. The main product is Diesel (47%).

Strong commercial relations between Petrobras and India

- India represents 24% of Petrobras imports of oil products:
- It represents 28 thousand bpd



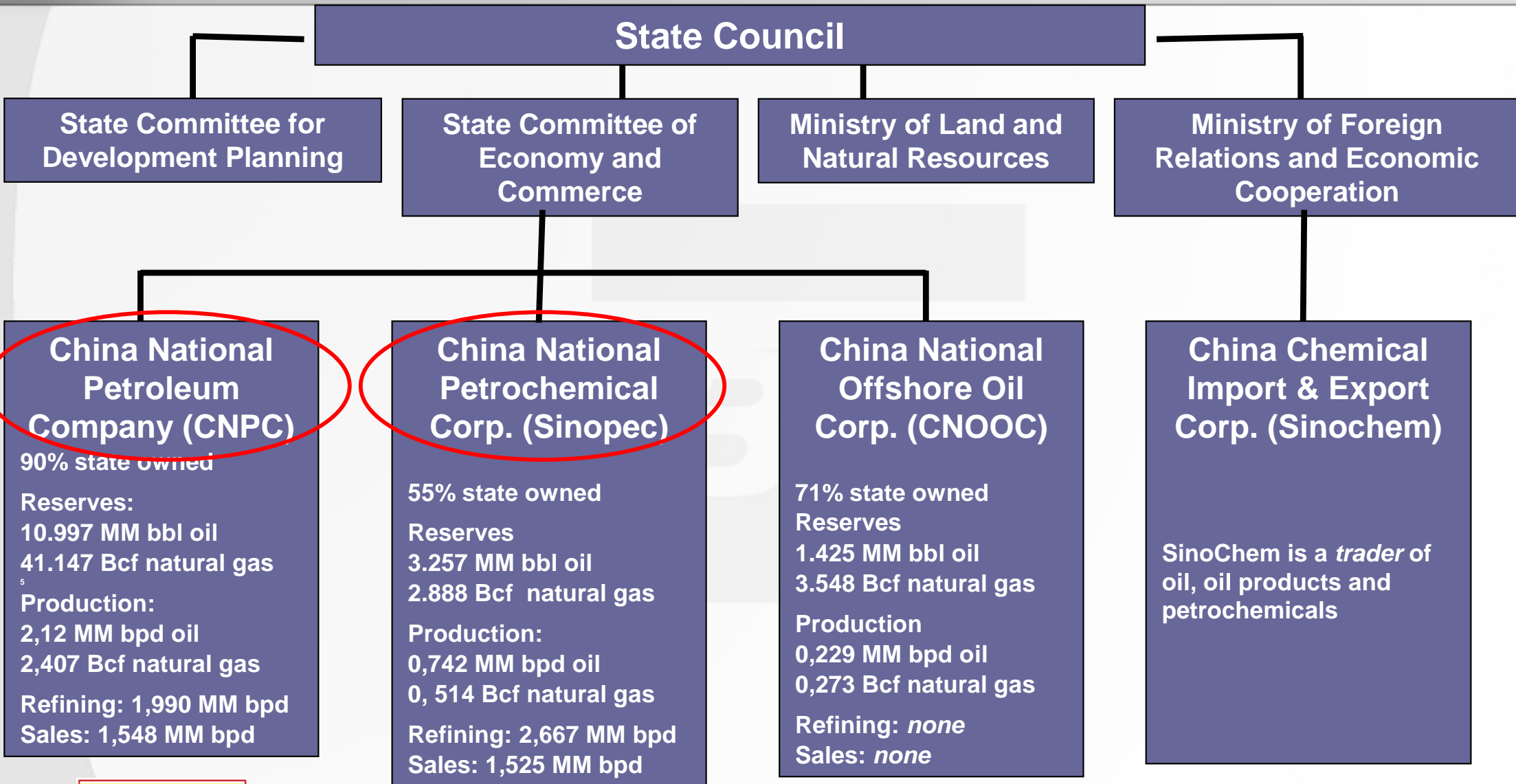
Petrobras activities in China

Petrobras is looking for opportunities in China and its current activities include:

- **A representative office in Beijing, inaugurated in 2004 to support the sale of oil to China and to prospect new market opportunities for the Company in Asia.**
- **Agreements with two of the Chinese national oil companies (Sinopec and CNPC) for the development of joint businesses**
- **China responds for 12% (40 thousand bpd) of Petrobras oil exports**



Structure of the Oil sector in China



China National Petroleum Company (CNPC)
 90% state owned
 Reserves:
 10.997 MM bbl oil
 41.147 Bcf natural gas
 Production:
 2,12 MM bpd oil
 2,407 Bcf natural gas
 Refining: 1,990 MM bpd
 Sales: 1,548 MM bpd

China National Petrochemical Corp. (Sinopec)
 55% state owned
 Reserves
 3.257 MM bbl oil
 2.888 Bcf natural gas
 Production:
 0,742 MM bpd oil
 0, 514 Bcf natural gas
 Refining: 2,667 MM bpd
 Sales: 1,525 MM bpd

China National Offshore Oil Corp. (CNOOC)
 71% state owned
 Reserves
 1.425 MM bbl oil
 3.548 Bcf natural gas
 Production
 0,229 MM bpd oil
 0,273 Bcf natural gas
 Refining: *none*
 Sales: *none*

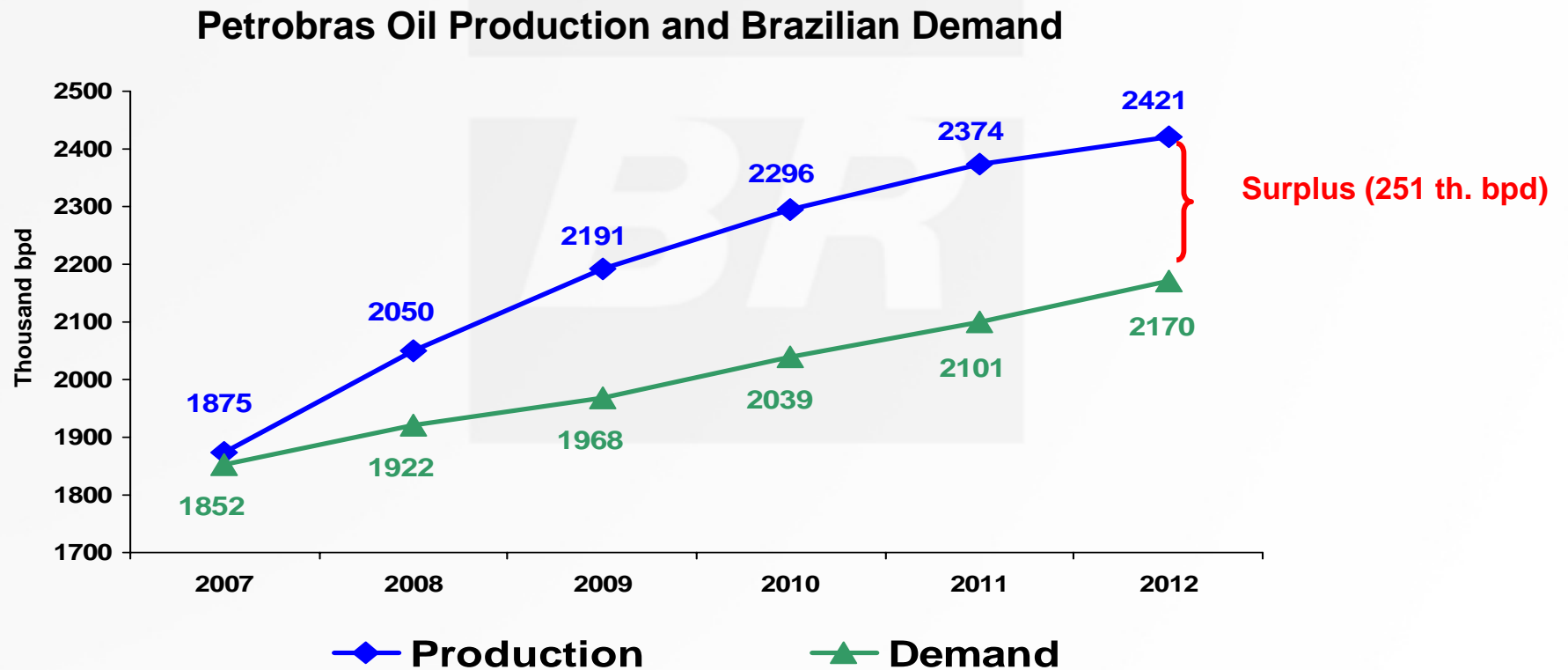
China Chemical Import & Export Corp. (Sinochem)
 SinoChem is a *trader* of oil, oil products and petrochemicals



Source: PIW Top 50 2004



Petrobras as a net exporter – looking for new markets

With Brazil's self sufficiency in oil, achieved last year and the new promising discoveries, Petrobras will become a big oil exporter.



China, a huge market

China is a potential market for all kinds of products, including oil

Products	Unity	 China	 USA
Grain ⁽¹⁾	Millions of Tons	382	278
Meat ⁽¹⁾	Millions of Tons	63	37
Petroleum ⁽¹⁾	Millions barrels/day	7	20
Coal ⁽²⁾	Equivalent in M.Tons of Oil	800	574
Steel ⁽²⁾	Millions of Tons	258	104
Fertilizers ⁽²⁾	Millions of Tons	40	20
Celular Phones ⁽²⁾	Millions in use	269	159
Televisions ⁽³⁾	Millions in use	374	243
Refrigerators ⁽⁴⁾	Millions produced	14	12
Computers ⁽⁵⁾	Millions in use	36	190
Cars ⁽²⁾	Millions in use	24	226

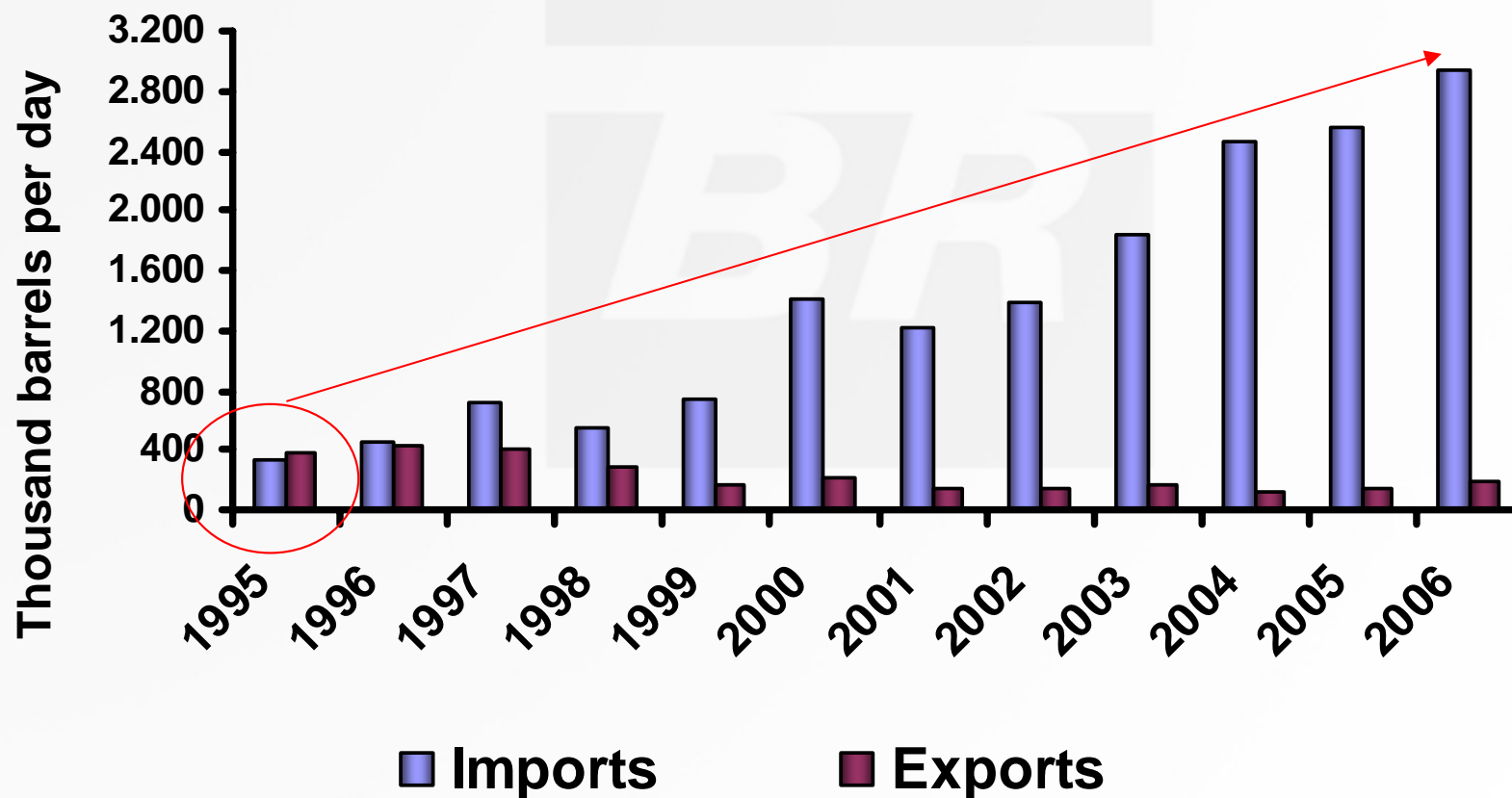
Figures of 2004; (2) Figures of 2003; (3) Figures of 2000; (4) Figures of 2001, (5) Figures of 2002

Spurce:Earth Policy Institute (EPI)

China, a potential market for Petrobras

China: from net exporter in 1995 to imports over 2.9 million barrels today

Crude Oil Trade - China



China, a potential market for Petrobras

Oil consumption *per capita* (barrels per year per inhabitant):

- China - 2
- Europe - 15
- USA – 20

Main contributions for increasing demand of oil and oil products:

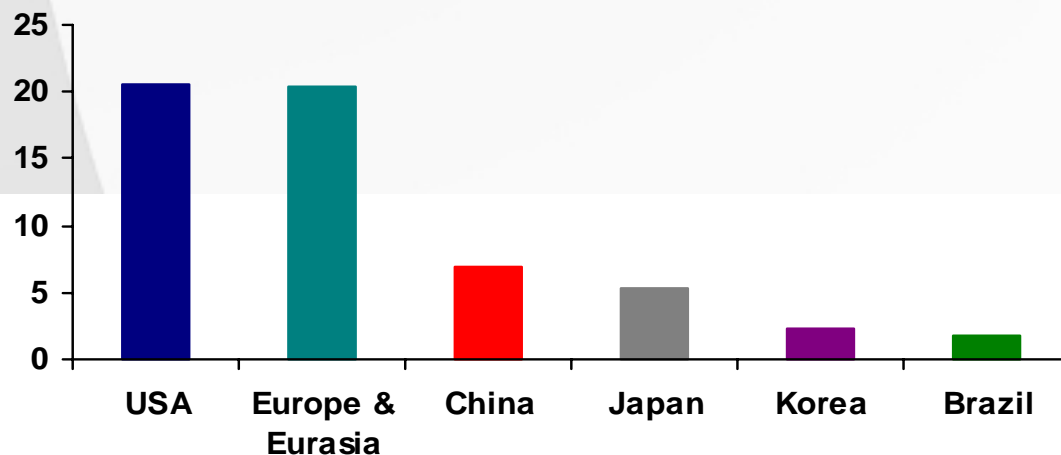
Petrochemicals

- High demand for Naphtha as raw material for the new petrochemical complexes, following the increase in GDP

Thermo power plants

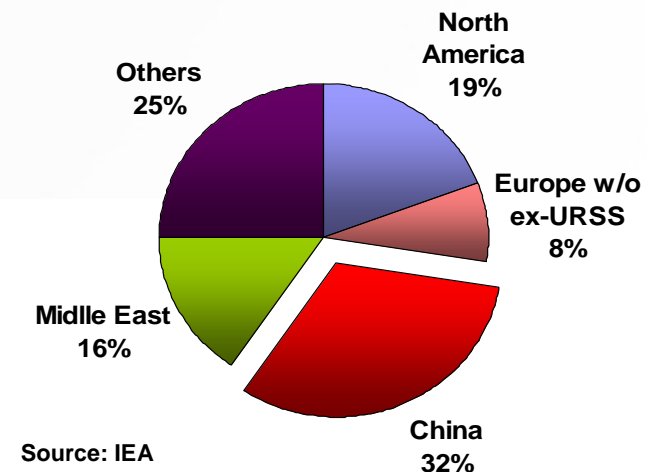
- Deficit in energy generation and distribution capacity associated with difficulties in coal transportation will increase the demand for fuel oil in the thermo power plants and for diesel in the industrial small and medium generators

Oil demand (million bpd)



Source: BP Statistical Review of World Energy 2006

Contribution to the additional oil demand in 2005



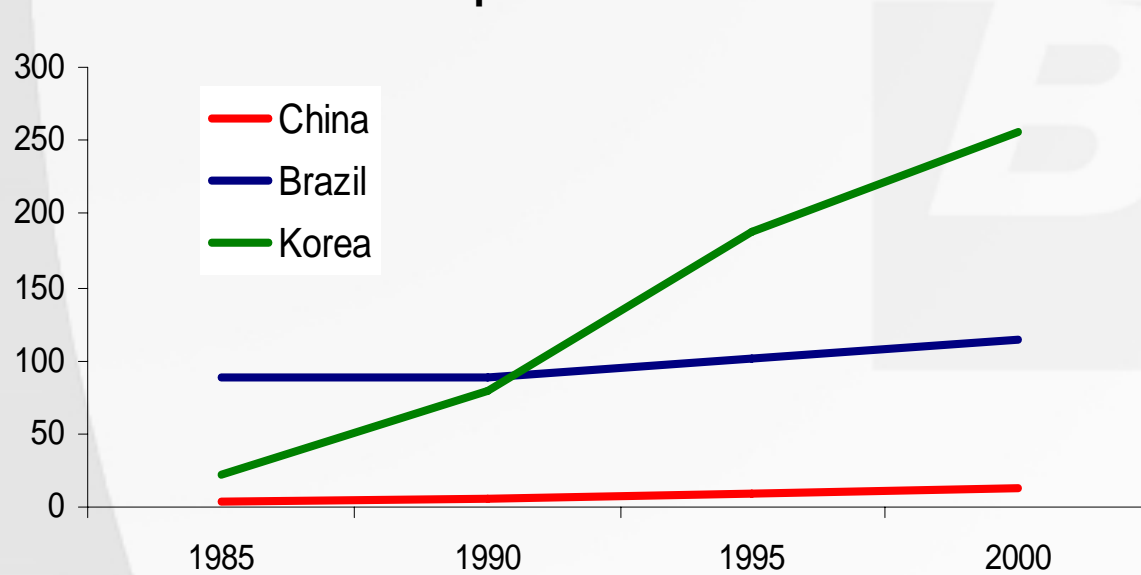
Source: IEA

China, a potential market for Petrobras

Transportation:

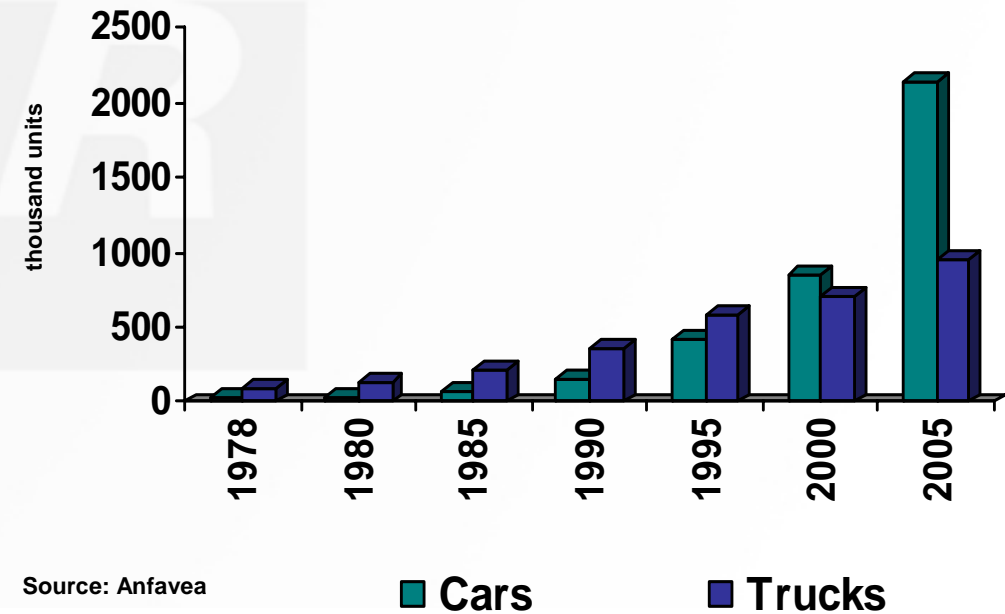
- Income effect and biggest motorization will increase the demand for oil products and can also be an opportunity for Brazilian ethanol
- Agriculture will also increase demand for diesel

Total vehicles per 1.000 inhabitants



Source: National Bureau of Statistics of China

New licensed cars



Source: Anfavea

■ Cars

■ Trucks

Recent opportunity in Asia

New opportunities in Asia, widen Petrobras presence in the Region

Petrobras has recently signed a purchase document to acquire in Japan:

- Refinery with capacity of 100 thousand bpd
- Crude oil and products terminal with storage capacity of 9.6 million barrels
- 3 piers with capacity to receive product vessels of up to 97 thousand deadweight tonnage (dwt)
- Mono buoy for Very Large Crude vessels (VLCC) of up to 280 thousand dwt

It is planned the use of terminal capacity in order to boost the commercialization of biofuels in Japan and other Asian markets and complement current trading of crude oil and products into Asian market. Petrobras will start refining operations in Asia for the first time.

