

Brazil's firms gear up for oil fuelled investment wave

Monday, 14th June 2010 by David Thorley

Brazil's senate on Thursday approved Petrobras' recapitalisation plan including its US\$25 billion share offering, expected to be the one of the world's largest ever issuances.

Lawyers in the country say that the opportunities to capitalise on the influx of capital, not only from Petrobras, but also from oil companies seeking a share in Brazil's booming oil sector, will be wide-ranging both geographically and in the spectrum of legal advice investors require.

While Luis Pacheco, a partner with Veirano Advogados' oil and gas practice in Rio, plays down the individual importance of the Petrobras offering to generate legal work, he says, 'Together with the other share offerings from other oil companies going on, it will create new opportunities for law firms specialising in capital markets.'

He even predicts, 'There may be a temporary assignment of capital market professionals from São Paulo to Rio.'

Capital markets work in Brazil has fluctuated over the past three years, with 2007 representing a boom, while the following year lawyers saw work slump to 20 per cent. 2009 marked the beginning of a comeback with Brazilian issuers twice breaking the record for the world's largest IPO that year.

Meanwhile, Paulo Valois, a founding partner of Schmidt, Valois, Miranda, Ferreira & Agel Advogados, sees further opportunities for firms, 'in financing, offshore supply, and construction.'

The range of practice areas in which firms are likely to find opportunities, say both lawyers, means they will reach beyond Brazil's traditional oil and gas heartland of Rio.

Valois sees opportunities for work 'everywhere: it will not be concentrated only in Rio, but spread out in major oil centres such as Houston.'

Both Valois and Pacheco say they are targeting international companies interested in investing Brazil's oil and gas sector, with Valois explaining, 'We have been working in several upstream projects in Brazil and other jurisdictions with different law firms in Houston, London, Madrid, Angola and Oslo.'

Though the firm does not have offices away from Rio, Schmidt Valois this week expanded its international reach when it became the Brazilian associate firm of Spain's Garrigues Abogados, through which it will target Iberian and European clients.

Once its recapitalisation is complete, Petrobras plans to invest between US\$200 billion and US\$220 billion in developing Brazil's pre-salt oil reserves over the next four years.

Comments

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