

# Brazil eases local content rules for Libra offshore oilfield

RIO DE JANEIRO, Aug 20 (Reuters) - Brazil has relaxed local content requirements for companies developing the Libra offshore oilfield, the government said on Monday, in a move it expects will unlock \$16 billion in investment for Latin America's top oil producer.

The move lowers thresholds that dictate what percent of certain equipment and services must be provided locally to levels "more appropriate for the industry's current capacity," according to the mining and energy ministry.

The Libra field is located in Brazil's Santos basin in the pre-salt oil play, where billions of barrels of oil under a thick layer of salt have lured oil majors to lock in stakes there.

The changes will be made through an addendum to the production sharing agreement in effect for the field, which is being developed by Brazil's state-controlled oil giant Petroleo Brasileiro, Total, Royal Dutch Shell and China's CNPC and CNOOC.

The changes mean that consortium members will not be able to seek future waivers there, the ministry said.

Tough local content rules under prior leftist governments sought to bolster Brazilian industry. However, they often forced oil companies to choose between incurring high penalties for violating the rules or waiting years more to get oil production online.

Brazilian oil regulator ANP received hundreds of requests for waivers from companies arguing they could not meet the requirements based on Brazilian market conditions, prompting Brazil's center-right President Michel Temer's administration to relax rules.

The shift, however, may be short-lived. Whoever wins the wide-open presidential elections in October will be able to appoint a new director to head ANP from December 2020 with the power to shape policy toward the industry. (Reporting by Luciano Costa and Alexandra Alper; Editing by Cynthia Osterman)

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