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SAO PAULO

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Screws, uniforms, shoes, furniture. Technology is not all that there is to the oil and gas (O&G) production chain, such is the diversity and demand by the Brazilian state-owned oil company Petrobras and other large players in the sector. It is in this complex and vast universe that small entrepreneurs have a chance to establish themselves. In the last day of the series on micro and small businesses, learn what the Brazilian Micro and Small Business Support Service and Petrobras are doing in order to seek and train those small suppliers.

The self-sufficiency in petroleum that Brazil attained in April 2006 and the recent discovery of new oil and gas reserves in the Campos Basin, in Rio de Janeiro, have cheered up the huge, wealthy, and demanding oil and gas production chain in the country. What not everybody knows is that this huge universe might translate into opportunities for many other sectors, including small entrepreneurs.

Between April 2005 and November 2007, 3,365 micro and small companies engaged in actions seeking to qualify as suppliers of products and services to the O&G chain, with support from Sebrae and Petrobras. "A total of 28 business roundtables were held, with business deals estimated at 1.5 billion reais (US\$ 842 million)," says the national projects coordinator at Sebrae, Eliane Borges. "It is a sector that buys everything. From coffee break services, to uniforms, shoes, furniture, information technology and electric and electronic goods," she says.

The companies participating in the project are based in the eleven Brazilian states in which Petrobras produces or refines oil – Amazonas (N), Ceará (NE), Rio Grande do Norte (N), Alagoas (MW), Sergipe (NE), Bahia (NE), Espírito Santo (SE), Minas Gerais (SE), Rio de Janeiro (SE),



Paraná (S) and Rio Grande do Sul (S). The initiative contributes to foster national development and is one of the objectives of the Program for Mobilization of the National Oil Industry (Prominp) of the federal government.



"The agreement was signed in 2004 and will be renewed in January 2008," states Eliane, from Sebrae. According to her, during this period, 8,544 companies were identified as effective or potential suppliers. Of those, 4,592 micro and small companies were invited to participate in the activities. Furthermore, 188 large and medium companies were mobilised and participated as anchors – in addition to the 21 Petrobras units.



According to Eliana, the project was divided into four major strategic actions. The first one was to map out the regions where Petrobras operates. The second was to train the suppliers to the chain –ranging from support for them to enrol as potential suppliers to courses, lectures, workshops and consultancy. "We have oriented 2,207 companies to enrol. The lectures were attended by 6,032 companies, and the courses and consultancies by 1,058 companies," states Eliana.

Services & Products



"Companies pay for approximately 20% of the price of courses and consultancies. Advisory for enrolling and lectures are free of charge," she claims. "Since the sector is very demanding, technically, small companies that are apt to supply to the O&G chain in Brazil are apt to supply anywhere in the world," Eliane ensures.

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The third strategic action was the creation of Redes Petro ('Petro Networks'), cooperation groups comprised of effective or potential suppliers to the chain, counting on the support of institutions and large companies. "Petro Network Rio Grande do Sul was the pioneer, it emerged prior to the signing of the partnership and spawned the model throughout Brazil," explains the coordinator at Sebrae. "Currently, we have 10 Petro Networks in operation and three others in the structuring phase," says Eliane.

One detail that attracts attention is the fact that, out of the 2,207 companies in the Petro Networks, more than half, 1,541, are located in the state of Minas Gerais. One of the reasons for that, according to Eliana, is the fact that the State has a strong industry, and therefore strong services. Another reason is the fact that they created a Website, thus making it easier for interested companies to enrol. In the State of Minas Gerais, a Competitive Intelligence Hub was created, with the objective of diagnosing the chain by mapping out opportunities for suppliers.



"The Petro Networks are excellent for micro and small companies. One the greatest problems facing small companies is access to information. After the partnership agreement, it became possible to create an entire cooperation system. Together, they are able to create catalogues, to go to trade fairs," she exemplifies.



Finally, the fourth major action of the partnership agreement consists of mobilising large companies so that they will help integrate the small ones into the chain. Some participate as buyers in business roundtables, while others are part of the project's managing committee – says Eliana. "There are those that participate by giving lectures on their investment, purchasing policies and demands made by suppliers. And there are also those that act as anchors for the supplier training actions, often with financial support," she asserts.



Two-way street

If for the small ones the O&G chain is a potential business, for Petrobras it is essential to have companies like these increasingly qualified – thus making products more accessible and even cheaper. Such is the case of company Filtrex, based in the Campos Basin, which developed an oil filter that used to be imported. The product has the same features as the imported one, but is 30% cheaper.



"They used to manufacture automobile filters, then they learned that there was an opportunity, they worked hard and there is the result," explains the manager of the partnership agreement at Petrobras, José Luiz de Oliveira Reis. "For company, it is very important to be in the oil and gas chain. That is why we seek to train micro and small businesses, working to improve their competitiveness and sustainability."

Another success case cited by Reis as having been welcomed by the giant Petrobras is that of robotics technology company Armtec Tecnologia em Robótica, based in the state of Ceará, which created a fire-fighter robot. The Saci (Portuguese acronym for Support System for Fighting Incidents) robot is controlled by firemen from a distance. The mission of the robot, which delivers up to 4,200 litres of water per minute, is to protect fire-fighter teams. "Now they are working on a new underwater robot, the Samba, which is being developed in partnership with the Federal University of Ceará and the Navy," he explains.

For its innovative potential, Armtec won the first place in the Product from the Northeast Region of the 2005 Finep Technological Innovation Award, and the second place in the Operational Security and Preservation category of the Petrobras Technology Award.

Network Brazil

The plans of the partnership agreement for 2008 include a meeting of all Petro Network, in order to establish Rede Petro Brasil ('Petro Network Brazil'), and the beginning of the internationalisation process of micro and small companies by means of a partnership with the Brazilian Export and Investment Promotion Agency (Apex-Brasil). Finally, a fifth strategic action will be launched: promoting development and innovation among micro and small companies.

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