

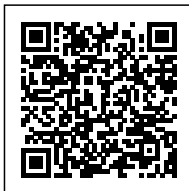
OPPORTUNITIES ON A DIFFERENT SCALE - HOGAN & HARTSON

Posted on 16 August 2008



Miguel Zaldivar

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Latin America is seeing an upturn in oil and gas projects, on a scale never before seen, say Bruno Ciuffetelli and Miguel Zaldivar at Hogan & Hartson.

The scale of oil and gas projects now being developed across Latin America requires an understanding not only of the sectors involved but also the practicalities of doing business within and across the region, say Miguel Zaldivar and Bruno Ciuffetelli at Hogan & Hartson. "The commodity boom that has impacted on practically all of Central and Latin America is resulting in a

scale of deals rarely seen before. Even those developments primarily focused on the petrochemical sector are inevitably also impacting in major areas such as infrastructure schemes and financing," says Miami-based Miguel Zaldivar.

The region is now seeing some of the largest energy projects across all the Americas. Corporations and governments, they say, are looking to their legal advisers to help them capitalise on the strong global demand for commodities, and to use the funds generated, to finance new power and infrastructure schemes.

An example of the scale of operations being undertaken is the \$2.7 billion (€1.7bn) Bolivia-Brazil gas pipeline project being undertaken by Petrobras, the Brazilian state-owned oil and gas company, on which the firm advised. "The deal is the largest project of its kind in South America's history," says Ciuffetelli in Caracas.

For those companies with a tradition of South American involvement, long-term strategies are clearly now paying off, but Zaldivar and Ciuffetelli say they are seeing a rise in demand for expertise from both established and new oil and gas operators, encompassing upstream exploration to storage and local distribution companies. The growing global interconnection of energy issues, they say, is resulting in investor interest and involvement from across the Americas, Europe and the Middle East – where Hogan & Hartson recently opened in Abu Dhabi.

"Viewed from Venezuela, the most visible energy companies active in the region now include the major US, European and Central American operators, although high profile interest is also now emerging from Brazil and Colombia," says Ciuffetelli. "But while many investors may also be looking to capitalise on opportunities in Brazil, as well as those presented by the expanding Brazilian companies, this trend may itself likely soon be surpassed by Colombia."

That country, he says, is proving consistently more interesting to international investors as the economy grows and it becomes politically more stable. "Although obvious exceptions remain, the improving political situation generally across Latin America is clearly bringing renewed interest and confidence among international corporations to assess potential opportunities. In Colombia alone, there is now considerable demand for transactions in the electricity sector encompassing generation, transmission and distribution," he says.

Both note the growing regional interest among Southern European energy companies. "The strong economic and cultural ties between Latin America, Portugal and Spain, are clearly important and inevitably help facilitate the ambitions of those that want to do business in the region," says Zaldivar.

"Clearly companies are now taking a very strategic look at regional opportunities and operational sectors." Bruno Ciuffetelli, Caracas



The past few years has seen Spanish, Portuguese and Italian companies entering into new joint ventures and financing initiatives across Latin America, he notes. Indicative was the firm's involvement in the \$1.7bn (€1.1bn) refinancing of Iberdrola's Mexican Power plant portfolio in 2006, and more recently the acquisitions by Enel Latin America, a subsidiary of the Italian energy group, of hydroelectric facilities in Panama, Mexico and Costa Rica – to create what is now a 600MW regional portfolio.

"Clearly companies are taking a very strategic look at regional opportunities and operational sectors, but some of the most effective, and successful, deals in recent times have involved international companies entering into partnerships with state-owned entities," adds Ciuffetelli.

The increased political and economic stability of the region, but also its ability to withstand some of the wider global market turbulences of recent times, is also proving to be an attraction for

international investors, they suggest.

"The continuing demand being created by the developing Asian economies, namely China and India, looks likely to keep commodity prices at above average prices. It is a situation that clearly benefits much of Latin American, and presenting investment opportunities for both local and international investors," says Ciuffetelli.