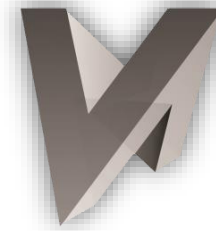
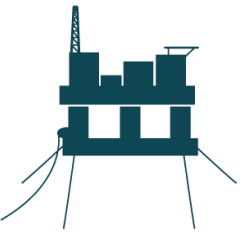


# ANP's Revision of the Research, Development and Innovation Rules – New Perspectives

GLOBAL OFFSHORE

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S U M M I T



**VEIRANO**  
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# Origin of the Oil Companies' Obligation to Invest in RD&I

## *Legal and Contractual Obligation*

Law No. 9.478/1997 (Petroleum Law) – One of ANP's purposes is to foster research and adoption of new technologies.

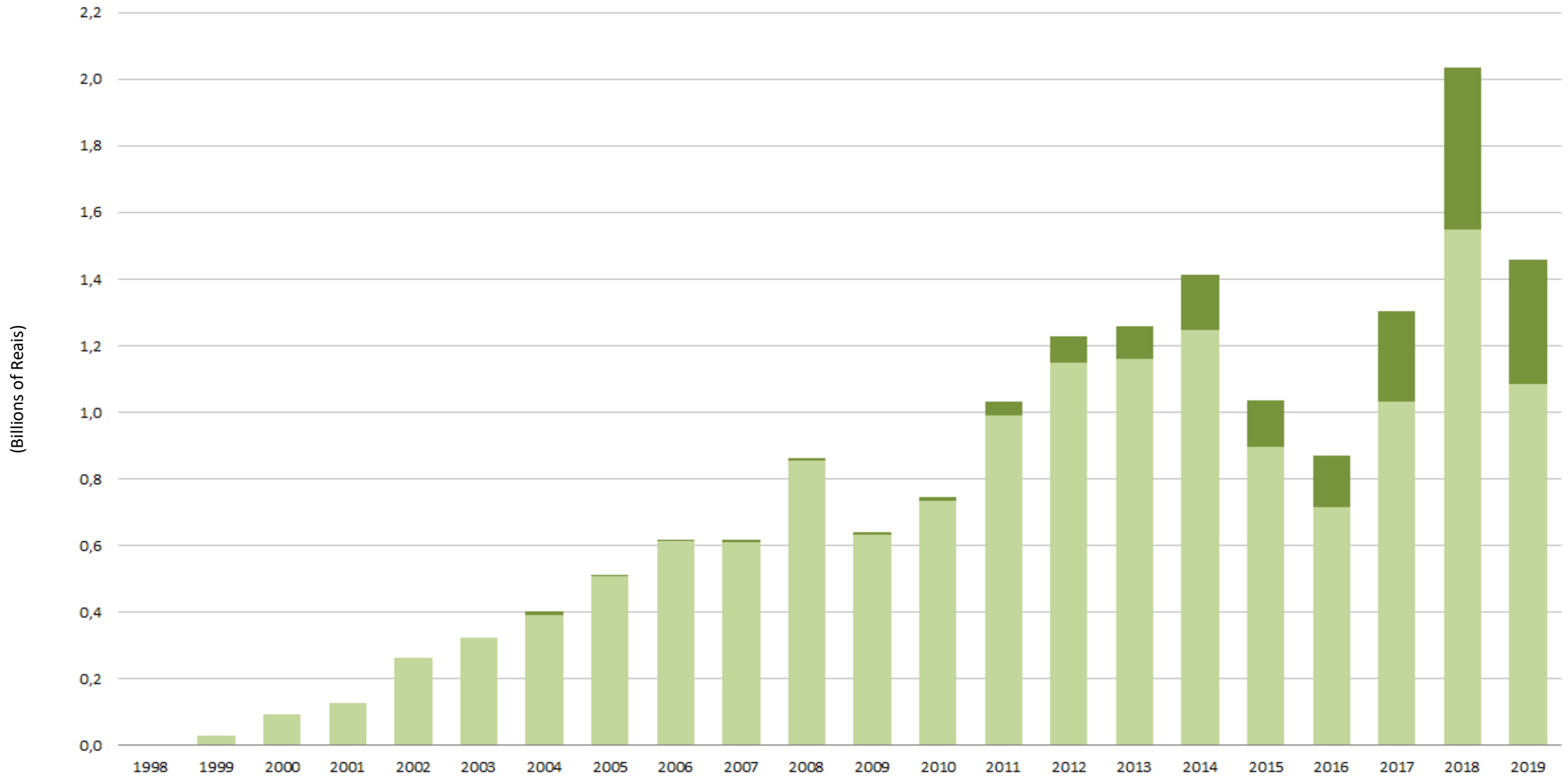
*Article 8, X: "ANP shall stimulate the research and the adoption of new technologies in the exploration, production, transport, refining and processing of oil, natural gas and biofuels."*

- Contractual obligation existing since ANP Round Zero to allocate resources to RD&I Projects.
- Obligation formally regulated from ANP Bid Round 11th onwards by ANP Resolution No. 33/2005.
- RD&I clause has evolved during the ANP Bid Rounds.

## Authorized Projects (from 2005 to September 30, 2019)

Source: SPD/ANP

Oil Companies	Amount of Authorized Projects	%	Authorized Values(BRL)	%
PETROBRAS	1514	87,62%	5.464.631.527,37	89,654%
SHELL	78	4,51%	409.641.249,08	6,721%
QUEIROZ GALVÃO	32	1,85%	9.621.165,41	0,158%
EQUINOR	24	1,39%	52.606.237,31	0,839%
PETROGAL	24	1,39%	73.747.953,46	1,210%
SINOCHEM	13	0,75%	19.869.172,67	0,326%
REPSOL	17	0,98%	45.755.092,67	0,751%
CHEVRON	9	0,52%	6.365.973,55	0,104%
GEOPARK	3	0,17%	672.903,42	0,012%
BP	2	0,12%	2.321.857,73	0,038%
ONGC	3	0,17%	645.682,00	0,011%
PARNAÍBA GÁS NATURAL	2	0,12%	5.566.580,70	0,091%
BRASOIL	2	0,12%	236.250,00	0,004%
QPI	2	0,12%	192.288,56	0,003%
FRADE JAPÃO	1	0,06%	3.157.523,11	0,052%
RIO DAS CONTAS	1	0,06%	111.100,61	0,002%
TOTAL	1	0,06%	92.197,97	0,002%
<b>Total Sum</b>	<b>1728</b>	<b>100,00%</b>	<b>6.095.234.755,61</b>	<b>100,00%</b>



Amount of RD&I Obligations Generated by Year (until 2019 3<sup>rd</sup> quarter)

■ Petrobras ■ Other Companies

# RD&I Investment Obligation

## *Mechanisms and Goals*



### **Main goals:**

- Encourage and promote the research and establishment of new technologies within the Brazilian O&G Industry.
- Foster technological innovation.
- Strengthen our O&G industry to further develop our production.
- Pursue a more competitive and world class O&G industry in Brazil.

**Mechanism/tool:** Mandatory investment equivalent to 1% of the gross revenues of Blocks with special participation in RD&I activities.

# Why did ANP revise the rules?

*A response to weak results and industry's claims*

- The contractual obligation for RD&I investments was originally regulated by ANP Resolution No. 33/2005 which approved ANP's Technical Regulation 5/2005 (now revoked).
- Complex regulation – Concerns in applying the funds in RD&I projects (risk that ANP would not recognize amounts invested and apply sanctions);
- Ever since: Oil Companies and industry experts complained about the excess procedures, strict requirements and investment limitations; and
- Result: RD&I activities were not incentivized as expected.
- **Need to review the rules.**



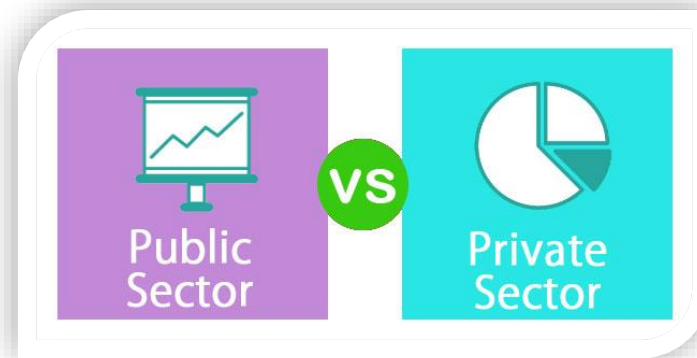
# RD&I Expenditures: Public or Private Funds?

*Disputed nature of these funds*

Underlying issue on the nature of these funds:

- Government officials see this money as “public” (such as funds arising from taxes).
- Oil industry sees these funds as private – contractual obligation by a private entity to invest (... in private entities)!

Expenditure of public money – more government control, audits (and penalties...). Who should benefit from these funds ultimately?



## Welcome News

*New regulation is a result of a long process*

ANP recognized the need to modify the RD&I regulation to:

- i. simplify procedures and add certainty to regulatory aspects;
- ii. remove excessive restrictions and extend the reach of provisions;
- iii. equalize rights among stakeholders; and
- iv. allow new investment models to speed up RD&I in the O&G chain.



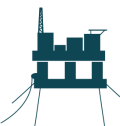


# September 2019 - ANP published the revision of the RD&I Rules

*Technical Regulation No 003/2015, as revised by ANP Resolution No. 799/2019*

## Some key issues:

- Removal of the unclear concept of “Technology Base Company” which created doubts;
- More clarity on various definitions and rules;
- Extend the reach of possible investments (especially in Startups);
- More freedom in the allocation of IP rights (to be decided among the parties);
- Introduction of the concept of research in IT and Communication;
- New focus on the INNOVATION aspect; and
- Partnerships involving companies and Universities.



# ANP' s Review of Technical Regulation 003/2015

## *Response to requests by the O&G community*

- Important advances have been highlighted;
- However RD&I obligations **remain highly regulated**;
- Certain expenses and investments are limited to **small percentages** of the total required investments;
- New doors to investments in Startups (although still subject to certain limitations); and
- **RESULTS ARE YET TO BE SEEN...**

WE ARE WAITING FOR  
THE RESULTS AND  
THEY COULD COME ANY  
TIME.



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