

## COUNTRY ANALYSIS BRIEFS

# Congo-Brazzaville

Last Updated: May 2007

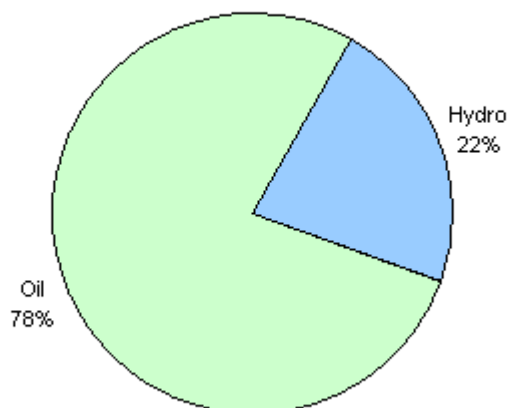
## Background

***The oil sector in Congo is the primary driver of the economy, accounting for around 90 percent of total export revenues.***

Congo's hydrocarbon industry is the country's primary source of economic growth. According to the World Bank, the oil sector accounts for roughly 65 percent of the country's gross domestic product (GDP), and oil exports account for around 90 percent of total export revenues. Congo's oil production has grown over the past year and industry analysts predict continued production growth through 2010. Congo's energy consumption is dominated by oil (78 percent), with the remainder coming from hydroelectricity (22 percent). Natural gas, coal, nuclear and other renewables are currently not part of the country's energy consumption mix.



**Total Energy Consumption in Congo (Brazzaville), by Type (2004)**

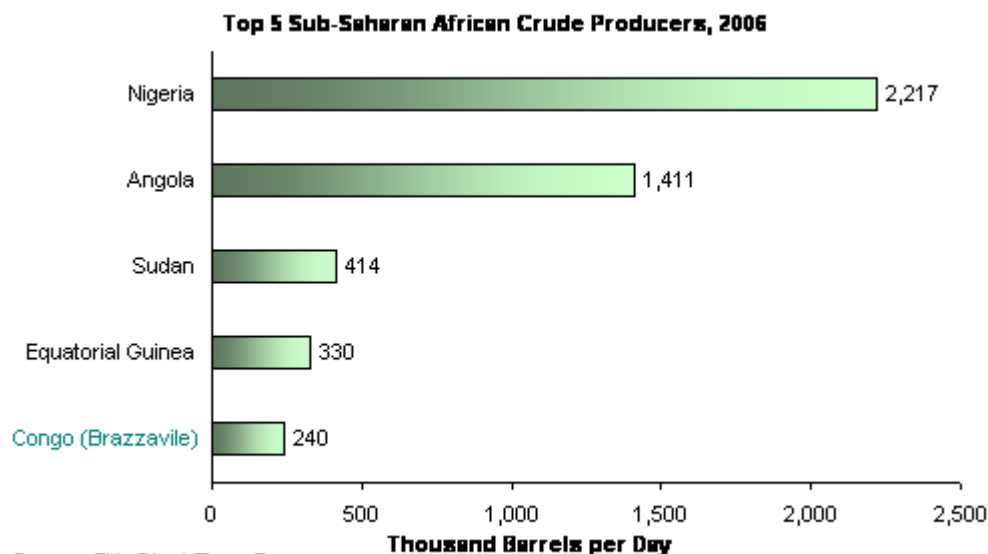


Source: EIA International Energy Annual 2004

## Oil

**Congo's oil production is rising on account of recent investments in the oil sector.**

Congo is experiencing rising oil production due to investments in the oil sector. *Oil and Gas Journal (OGJ)*, reports proven oil reserve estimates for Congo in 2007 of 1.6 billion barrels, up from 1.5 billion barrels in 2006. The majority of reserves are located offshore, where approximately 80 percent of the oil is produced. In 2006, Congo was the fifth largest crude oil producer in Sub-Saharan Africa following Nigeria, Angola, Sudan, and Equatorial Guinea (see graph below).



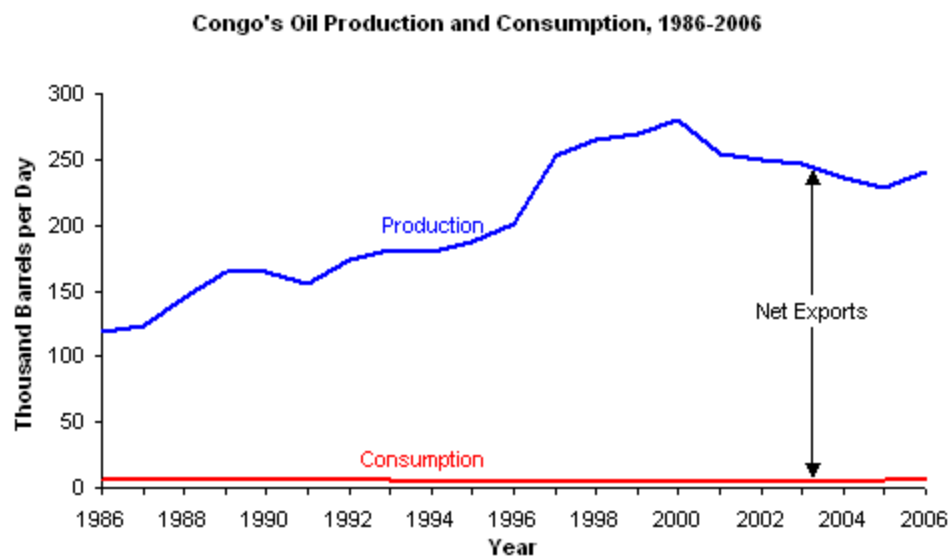
Source: EIA *Short Term Energy Outlook April 2007*

### Sector Organization

Congo's national oil company, the Société Nationale des Pétroles du Congo (SNPC), regulates all oil production and exploration activities in the country. SNPC develops production sharing agreements (PSAs) with each foreign company that operates in Congo to ensure a constant minimum flow of revenue to the government. Under the PSA contracts, foreign companies carry out exploration and development during an agreed upon period of time, while financing all investment costs which are recovered when production begins. The PSAs also offer tax breaks and a royalty system to operating companies. Because all major operators in Congo have signed PSAs for their respective field developments, approximately one-third of the oil produced goes directly to the government and is sold by SNPC on behalf of the state. Primary foreign operators in Congo include Total (France), Eni (Italy), and Perenco (United Kingdom).

### Production

Congo's oil production rebounded in 2006. Due largely to maturing fields and delays in bringing new projects online, Congo's oil production gradually declined from 280,000 barrels per day (bbl/d) in 2000 to 227,000 bbl/d in 2005. However, in 2006, Congo produced an average of 240,000 bbl/d, and output is expected to continue rising as additional fields come online. According to IHS Energy, as of February 2007, Total was the leading oil producer in Congo, accounting for approximately 47 percent of the country's total oil production, while Eni produced 22 percent. Additional smaller oil producers in Congo include Perenco, Congorep (Perenco-SNPC consortium), and Likouala S.A. (private domestic company).



Source: *International Energy Annual 2004*;  
*Short Term Energy Outlook April 2007*

#### Exports

In 2006, Congo consumed 6,000 bbl/d and exported approximately 234,000 bbl/d of crude oil, with the majority destined for Asian markets. According to *FACTS Global Energy*, Congo shipped 108,000 bbl/d, or 46 percent of total crude exports, to China in 2006. The United States imported 27,000 bbl/d of crude oil from Congo in 2006. Congo exports its crude oil through the Djeno Terminal, located in the country's main port city, Pointe-Noire. Congolese crude oil types are typically medium and sweet, with API gravities ranging from 22° - 33°. The country's main export blend, Djeno, has an API gravity of 27.4° and a sulfur content of 0.27 percent.

#### Field Development and Exploration

Overall, oil production in Congo is expected to see continued growth over the next year, averaging 255,000 bbl/d in 2007. Total, as the leading oil producer and foreign investor in Congo, plans to bring online the offshore Moho-Bilondo field in early 2008. Total estimates that Moho-Bilondo will produce 90,000 bbl/d, which will increase the company's current estimated production of 124,000 bbl/d to approximately 214,000 bbl/d. In 2005, Total received government approval to begin developing the field, which includes constructing 12 subsea wells. The field is located in the Haute Mer permit area and contains proven and probable reserves of 200 million barrels. Oil from the field will be piped to the Djeno Terminal via the Likouala platform. Total operates the project with a 53.5 percent interest and is joined with partners Chevron (31.5 percent) and SNPC (15 percent).

In January 2007, France-based Maurel and Prom initiated a water injection scheme on the onshore M'Boundi field to increase production capacity. If the water injection system is successful it could increase oil production at the field by 18 percent a year between 2007 - 2010. As of December 2006, M'Boundi was producing 54,000 bbl/d from 58 wells. Current output capacity is limited to 62,000 bbl/d, due to transportation and processing capacity, but expansion of the production facilities to 90,000 bbl/d is in progress. In February 2007, Eni acquired Maurel and Prom's 48.6 percent interest in M'Boundi. Additional partners in the field include Burren Energy (37 percent) and Energy Africa (11 percent).

#### Common Interest Zone

In March 2003, Angola and Congo created the Zone d'Interet Commun (ZIC, Common Interest Zone). The ZIC joint development area, based in Brazzaville, includes portions of Block 14 (Angola), operated by Chevron and the Haute Mer Block (Congo), operated by Total. Congo and Angola will share revenues equally from all oil production occurring in the ZIC. In December 2004, Chevron announced a "significant discovery" in the joint development zone, with the Lianzi-1 exploration well encountering two oil bearing reservoirs, one flowing at a rate of more than 5,000 bbl/d. As of April 2007, Chevron and its partners were working on a development plan for the Lianzi-1 discovery. Commercial oil production at the ZIC is not expected before 2012.

### Refining and Downstream

Although the nameplate capacity of Congo's sole refinery, Congolaise de Raffinage (CORAF), is 21,000 bbl/d, it often operates at less than half capacity, with prolonged periods of inactivity. The Congolese government has tried to privatize CORAF, with the hope of increasing utilization at the refinery. However, private investors have shown little interest in the facility. The government has since been working to expand and modernize the CORAF in an effort to make it more attractive to investors.

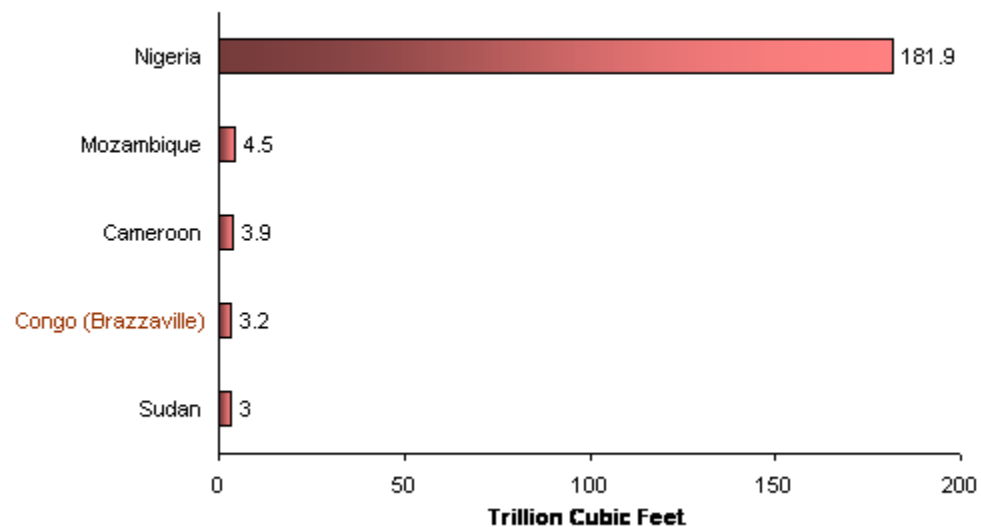
For over 25 years, state-owned Hydro-Congo held a monopoly over the sale and distribution of oil products in Congo. In 2002, Hydro-Congo, Chevron, Total and Tacoma/Puma-Energy (UK) formed the Société Commune de Logistique Petroliere (SLOG) to transport oil products throughout the country. Approximately 100 service and filling stations are located throughout the country, and they provide bottled liquefied petroleum gas (LPG), petrol, kerosene and automotive diesel.

### Natural Gas

Despite Congo's natural gas reserves, the country does not commercially produce or consume any natural gas, due to the lack of proper production infrastructure. As estimated by OGJ, Congo contained 3.2 trillion cubic feet (Tcf) of proven natural gas reserves as of January 2007. These reserve deposits constitute the fourth largest found in Sub-Saharan Africa behind Nigeria, Mozambique and Cameroon. The majority of Congo's natural gas reserves are associated (found alongside oil deposits). However, the country contains some non-associated fields, including the offshore Banga Marine and Litchendjili Marine fields. Congo does flare natural gas, but the Congolese government hopes reduce flaring in the future by using natural gas for electric power generation.

**Congo contains the fourth largest proven natural gas reserves in Sub-Saharan Africa.**

**Top 5 Sub-Saharan African Proven Natural Gas Reserve Holders, 2007**



Source: *Oil and Gas Journal*, 2007

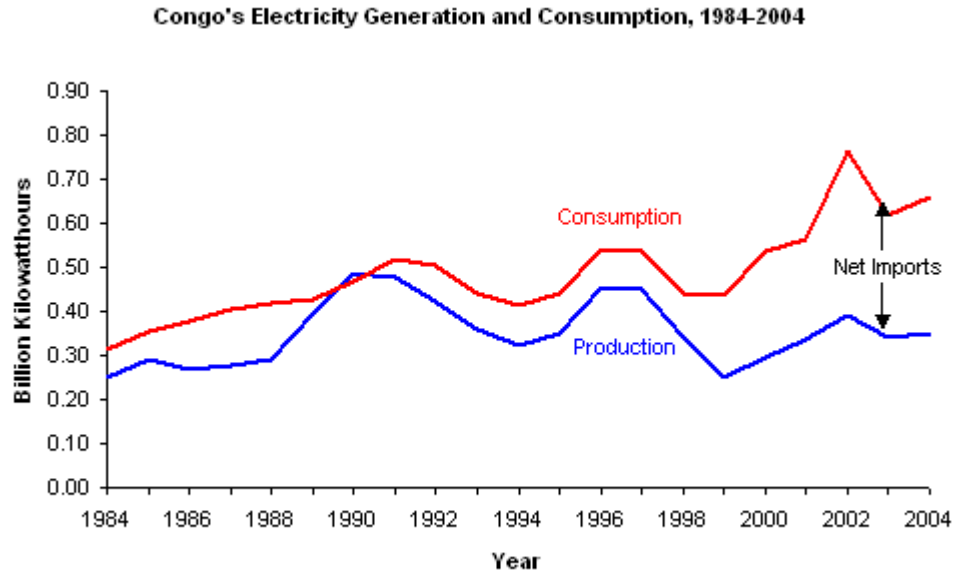
### Electricity

In 2004, Congo had total electric generation capacity of 121 megawatts (MW), which primarily came from hydropower (92 MW). Industry analysts estimate that Congo could have hydroelectric potential up to 30 times (3,000 MW) the current capacity, if it can be developed. The mainstays of Congo's generating capabilities are the 74-MW capacity Bouenza (Moukoulou) and the 15-MW capacity Djoué hydroelectric plants. However, since the early 1980s, Moukoulou's actual productive capacity has been closer to 55 MW due to attacks occurring during the Congolese civil war in 1997-1999. State-run, Societe Nationale d'Electricite (SNE), estimates the cost of necessary repairs to the generating facilities at more than \$20 million.

Congo generated 0.35 billion kilowatthours (Bkwh) of electricity in 2004, while consuming 0.66 Bkwh. The electricity generation deficiency forced the country to import electricity from the DRC. Even so, most Congolese in rural areas still rely on biomass as their primary fuel source since electricity transmission links are non-existent in many parts of the country. If funding can be

**Congo has huge hydroelectric capacity potential. However, the country currently imports electricity from the Democratic Republic of Congo (DRC) to satisfy demand.**

attained, the Congolese government plans to reduce its reliance on electricity imports in the future by expanding current facilities and constructing additional generation facilities.



## Profile

### Country Overview

<b>President</b>	Denis Sassou-Nguesso (since October 25,1997)
<b>Location</b>	Western Africa, bordering the South Atlantic Ocean, between Angola and Gabon
<b>Independence</b>	15 August 1960 (from France)
<b>Population (2007E)</b>	3,800,610
<b>Languages</b>	French (official), Lingala and Monokutuba (lingua franca trade languages), many local languages and dialects (of which Kikongo is the most widespread)

### Economic Overview

<b>Minister of Economy, Finance and Budget</b>	Pacifique Issoibeka
<b>Currency/Exchange Rate (5/16/07)</b>	1 Communauté Financière Africaine Francs (XAF) = US\$0.0020
<b>Inflation Rate (2006E)</b>	2.6%
<b>Gross Domestic Product (2006E)</b>	\$5.1 billion
<b>Real GDP Growth Rate (2006E)</b>	6.0%
<b>Exports (2006E)</b>	\$5.9 billion
<b>Exports - Commodities</b>	petroleum, lumber, plywood, sugar, cocoa, coffee, diamonds
<b>Exports - Partners (2005E)</b>	China 38.4%, US 28.6%, Taiwan 11.6%, South Korea 7.1%
<b>Imports (2006E)</b>	\$1.9 billion
<b>Imports - Commodities</b>	capital equipment, construction materials, foodstuffs
<b>Imports - Partners (2004E)</b>	France 23.1%, China 10.1%, US 7.3%, India 7.2%, Italy 6.7%, Belgium 4.5%
<b>Current Account Balance (2006E)</b>	\$1.2 billion

### Energy Overview

<b>Minister of Hydrocarbons</b>	Jean-Baptiste Tati Loutard
<b>Proven Oil Reserves (January 1, 2007E)</b>	1.6 billion barrels
<b>Oil Production (2006E)</b>	240 thousand barrels per day, of which 100% was crude oil.
<b>Oil Consumption (2006E)</b>	6 thousand barrels per day
<b>Net Oil Exports (2006E)</b>	234 thousand barrels per day
<b>Crude Oil Refining Capacity (2007E)</b>	21 thousand barrels per day
<b>Proven Natural Gas Reserves (January 1, 2007E)</b>	3.2 trillion cubic feet (Tcf)
<b>Electricity Installed Capacity (2004E)</b>	121 megawatts
<b>Electricity Production (2004E)</b>	0.35 billion kilowatt hours
<b>Electricity Consumption (2004E)</b>	0.66 billion kilowatt hours
<b>Total Energy Consumption (2004E)</b>	Oil (78%), Hydroelectricity (22%), Natural Gas (0%), Coal (0%), Nuclear (0%), Other Renewables (0%)
<b>Total Per Capita Energy Consumption (2004E)</b>	4.87 million Btus
<b>Energy Intensity (2004E)</b>	4,626.3 Btu per \$2000-PPP**

## Environmental Overview

<b>Minister of Forestry Economy and Environment</b>	Henri Djombo
<b>Energy-Related Carbon Dioxide Emissions (2003E)</b>	3 million metric tons, of which Natural Gas (71%), Oil (29%), Coal (0%)
<b>Per-Capita, Energy-Related Carbon Dioxide Emissions (2004E)</b>	0.8 metric tons
<b>Carbon Dioxide Intensity (2004E)</b>	0.8 Metric tons per thousand \$2000-PPP**
<b>Environmental Issues</b>	air pollution from vehicle emissions; water pollution from the dumping of raw sewage; tap water is not potable; deforestation
<b>Major Environmental Agreements</b>	party to: Biodiversity, Climate Change, Desertification, Endangered Species, Ozone Layer Protection, Tropical Timber 83, Tropical Timber 94, Wetlands signed, but not ratified: Law of the Sea

## Oil and Gas Industry

<b>Organization</b>	State-owned Société Nationale des Pétroles du Congo (SNPC) oversees offshore and onshore oil exploration and production; Hydro-Congo participates in downstream oil sector (marketing); Societe Commune de Logistique Petroliere (SCLOG) responsible for petroleum product distribution (SNPC, Total, Chevron and Tacoma/Puma Energy each hold 25 percent).
<b>Major Oil Terminal</b>	Pointe-Noire
<b>Foreign Company Involvement</b>	Agip, Anadarko, Chevron, Energy Africa, ExxonMobil, Heritage Oil, Maurel and Prom, Murphy Oil, Perenco, Sasol, Shell, Tacoma, Total
<b>Major Refineries</b>	Congoaise de Raffinage (CORAF) – Pointe Noire (21,000 bbl/d)

\* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar, wind, wood and waste electric power. The renewable energy consumption statistic is based on International Energy Agency (IEA) data and includes hydropower, solar, wind, tide, geothermal, solid biomass and animal products, biomass gas and liquids, industrial and municipal wastes. Sectoral shares of energy consumption and carbon emissions are also based on IEA data.

\*\*GDP figures from OECD estimates based on purchasing power parity (PPP) exchange rates.

## Links

### U.S. Government

[CIA World Factbook - Congo-Brazzaville](#)  
[U.S. Agency for International Development in Africa](#)  
[U.S. Information Agency -- Africa](#)  
[U.S. State Department's Consular Information Sheet - Congo-Brazzaville](#)  
[U.S. State Department's: Human Rights Report for Congo-Brazzaville](#)

### **General Information**

[African Union](#)  
[AllAfrica.com - Congo](#)  
[Congo Online \(in French\)](#)  
[MBendi Country Profile on Congo](#)  
[NEPAD](#)

### **Associations and Institutions**

[International Monetary Fund \(IMF\) - Congo](#)  
[University of Pennsylvania Congo Page](#)  
[World Bank - Congo](#)

### **Foreign Government Agencies**

[Embassy of the Republic of Congo in the United States](#)  
[International Energy Agency: Congo](#)

## **Sources**

Africa Energy and Mining  
Africa News Service  
Africa Oil and Gas Monitor  
African Energy  
Agence France Presse  
AllAfrica.com  
BBC Worldwide Monitoring  
CIA World Factbook  
CountryWatch.com  
Dow Jones  
Economist Intelligence Unit ViewsWire  
Energy Day  
Factiva  
Global Insight  
IHS Energy GEPS Reports  
International Monetary Fund  
International Oil Daily  
MBendi  
Oil and Gas Journal  
Oil Daily  
Panafrican News Agency  
Petroleum Economist  
Petroleum Intelligence Weekly  
Platts Oilgram News  
Reuters News Service  
U.S. Energy Information Administration  
World Bank  
World Markets Energy  
World Markets Research Centre  
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