

Cnooc to Focus on Smaller Overseas Stakes to Beat Protectionism

By Bloomberg News
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[Cnooc Ltd.](#), China's biggest offshore oil producer, has changed its overseas acquisition strategy to overcome rising protectionism after it failed to buy Unocal Corp. in 2005, Chairman [Fu Chengyu](#) said.

"Cnooc will acquire stakes in assets rather than buying an entire company," Fu told reporters in Hong Kong today. "Not all acquisition opportunities are good," he said.

Bids for resources by China, whose \$2.1 trillion in currency reserves are the world's largest, have been met with opposition in the U.S. and Australia. Cnooc abandoned its \$18.5 billion cash offer for Unocal after being outmaneuvered by Chevron Corp, the second-largest U.S. oil company.

"Overseas acquisitions will meet with more obstacles especially in countries which want to create jobs amid the economic slowdown," Fu said. Cnooc may partner with local companies to buy overseas assets, he said.

Cnooc has joint ventures in Indonesia, Australia and Angola and its partners include BP Plc and Total SA.

"Cnooc will only target companies which are at the right price and offer value to the company," said [Wang Aochao](#), an analyst at UOB-Kay Hian Ltd. in Shanghai.

Fu denied media reports that the Beijing-based company was in talks to buy [Repsol YPF SA](#)'s Argentine unit.

Repsol, Spain's largest oil producer, is pursuing talks to sell a stake in its Argentine unit to [China National Petroleum Corp.](#) rather than Cnooc Ltd., two people familiar with the matter told Bloomberg News this month. Repsol isn't in discussions with Cnooc, said one of the people, who declined to be identified because the negotiations were private.

CNPC may offer to buy as much as 75 percent of [YPF SA](#), the South China Morning Post reported on July 2, citing people it didn't identify.

Fu said today the company has no plans to buy or cooperate with Repsol's unit. "The Repsol talks are only market rumors," Fu said.

Chinese companies have spent at least \$13 billion acquiring oil assets overseas since December to meet rising domestic demand for resources.

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