Petrobras is understood to be taking a hard line on payments to its suppliers as it looks to control costs at a time when the Brazilian state-controlled giant is denied access, at least for now, to global debt markets.

The payments go-slow is piling up the pressure on domestic shipyard suppliers, most of which also find themselves on the list of 23 companies barred from competing for new Petrobras business amid the corruption scandal that has engulfed the company.

“Petrobras is paying its bills but is refusing to pay anything outside the original contractual scope, even when they were the ones asking for modifications or schedule-tightening,” said a source at one of the local shipyards. Some analysts, such as Alexandre Garcia, with Fitch Ratings, have suggested that Petrobras managers may be reluctant to stray beyond the letter of contractual terms for fear of facing new allegations. The outcome can be tough on the suppliers, however.

Several of the bigger yards are also suffering from the cash-crunch affecting the Petrobras-sponsored rig-building entity Sete Brasil.

The rig builder is said to owe as much as $500 million to one shipyard alone, Keppel’s Brasfels subsidiary.

The Brazilian supply chain problems have been compounded by the hard-line decision, announced by Petrobras, to exclude 23 companies from participating in its contract tenders until investigations are concluded, mirroring a measure that had, until now, only been applied to SBM Offshore.

The 23 companies were barred from new tenders as alleged participants in a bribery cartel according to plea bargaining testimonies by former Petrobras director Paulo Roberto Costa, Toyo-Setal executives Julio Camargo and Augusto Mendonca and currency trader Alberto Youssef

The exclusion of companies named in the corruption inquiries is not intended to apply to existing contracts.

However, letters sent by Petrobras to the listed firms, and also the stock market regulators, state that the ban applies to whole industrial groups rather than restricting its application to subsidiaries.

The long-term implications of all these measures are still being assessed but their impact is already being felt.

In the southern Brazilian city of Rio Grande, the QGI group, which spent heavily on advancing the delivery schedule for the P-58 floating production, storage and offloading unit, has been delaying the hiring process for topsides integration for the P-75 and P-77 floaters months beyond the original plan while the Engevix group has been laying off workers and is likely to enter bankruptcy protection after transport supplier Locar Transportes filed for execution of unpaid bills.

OAS, a construction firm entangled in the corruption scandal, failed to meet international bond and debenture obligations last week, sending credit ratings tumbling.

UTC Engenharia is in the process of delivering four topside modules for four Petrobras floaters to be used on the Buzios pre-salt complex, but has no more work on the horizon.

OAS and UTC were named in plea–bargaining allegations made by former Petrobras director, Paulo Roberto Costa, and both companies saw their chief executives jailed.

In Bahia, the Enseada Industrial Naval group has fired more than 1000 workers, effectively suspending yard construction work but keeping a skeleton team to work on the Sete Brasil drillships.

Industry sources reported a darkening of mood among shipyards and suppliers, some of whom are already struggling to pay workers and face an immediate future without new orders.

“We have been summarily tried and sentenced without any hearing and without any proper consideration about the quality of the evidence offered by four or five plea-bargainers who are interested in saving their own skins,” said a source with one of the banned yards.

“You can expect a flood of lawsuits if Petrobras sticks to this ban,” he said.

The broader effects on the Petrobras-led offshore oil field developments have yet to be calculated.

“The real mystery is how Petrobas intends to keep its projects moving forward after banning all these local companies from its tenders. Local content rules still apply, but new players don’t just pop up overnight to take over the Brazilian shipyards,” said one industry source.

One such case concerns the 24 gas-handling modules that were to be supplied to pre-salt floaters by IESA, whose parent company Inepar, has entered bankruptcy protection.

Petrobras has not yet issued a tender to find a new supplier, despite the looming risk of delays to at least four FPSOs