

integration will make it increasingly difficult for countries to move out of step with the economic and energy policy trends being pursued generally in the region.³

Integration is of particular importance to the energy sector. Until recently, energy development in Latin America had proceeded almost exclusively along a national, rather than regional basis. As a result, international energy ties were limited to a few, largely under-utilized interconnections, such as Bolivia-Argentina natural gas, or Ecuador-Columbia crude oil. This nationalistic approach to resource development severely retarded both economic and energy development in the region.

Today however, integration opportunities, particularly in the area of natural gas, are central to future development. Natural gas export potential exists in Argentina, Bolivia, Peru and Venezuela. Linking these surplus energy sources to the existing, unserved demand centres in Chile and Brazil holds tremendous commercial potential. The resulting continental natural gas grid, focussed on the Southern Cone region (see Figure 1), would justify increased exploration for natural gas reserves, create opportunities for thermal electric power development, and release oil and petroleum products for export. Similar opportunities can be identified in oil and product pipeline development, and in expanded electricity interconnections.

Potential of Natural Gas Today.

Today, gas consumption in Chile's Metropolitan Region consists mainly of manufactured gas distributed either in bottles, or through an existing inner city network. In recent years however, natural gas has taken on a new potential significance for the Chilean energy market. As of May 1997, the international consortium GasAndes will be delivering natural gas into Chile's central region which includes Santiago. In addition to the GasAndes project, five other large gas pipeline projects are also being discussed with the goal of supplying and transporting natural gas from sources in Argentina and Bolivia to several regions within the Chilean Republic. With the proposed new influx of natural gas into the Chilean energy market within the next few years, GasAndes predicts that by the year 2010, demand for natural gas in the industrial, residential and commercial, transportation and electricity generation sectors will reach 11,985 thousands of m³ per day.

In addition, potential in the natural gas sector has also merited the attention of several significant foreign investors. The Canadian enterprise NOVACORP International for example, is heavily involved in joint ventures into the METROGAS, GASANDES and central NUEVA RENCA projects, investing up to US\$ 70 million so far throughout Argentina and Chile.

³Petroleum Industry in Latin America, Volume 1, xiv