

### 17.7 Potential for Canadian Businesses in Chile's Energy Sector

Over the last 10 years, average annual investment in the oil sector has been close to US\$150 million, of which less than one third has gone into exploration. This has been clearly insufficient to prevent a significant decline in the national production of crude petroleum. Chilean authorities thus have a clear interest in attracting foreign investors into this sector. This presents an opportunity for Canadian firms to become involved in the exploration and eventual exploitation of new sites. A Canadian firm (EUROCAN) has already participated in exploration through risk-contracts in the northern region of Chile, although so far with negative results.

It is important to bear in mind, however, that the gas pipeline from Argentina (which will supply natural gas to the central region of Chile) will likely reduce the demand for crude derivatives. But the transition from oil to gas will not be instantaneous. The public transportation system, for example, would face important technological changes in the process of transforming diesel engines to gas-fueled engines.

Canadian firms may also participate in Chile's oil sector through the supply of equipment and spare parts to new and existing operations. The distribution of refined oil and derivatives is also fully open to foreign companies.

As with oil distribution, electricity generation and transmission are open to private capital, and thus Canadian firms can participate directly in the development of new plants.