

concessions in the transport and distribution of natural gas. In another modification, regulations are set forth regarding safety standards and requirements in the transport and distribution of natural gas.

Price Structure

Gas prices, for both manufactured and natural gases, are regulated by Law No. 18,856 (1989) which constitutes a modification of DFL No. 323 (1975). The former establishes that companies that supply consumers with gas are free to set prices for the product itself and for any other related service. The price structure that public service distribution companies establish must identify those areas in which sales prices to like consumers should not be discriminatory. Given the fact that the XII Region exhibits monopolistic features, Law No. 18,856 establishes a set tariff in this area. In fact there is a single natural gas supplier for the area and a single distribution company as well.

Currently, the same taxation and customs requirements that govern consumer goods govern the gas sector. Thus, there exists an 11% customs tariff and an 18% Value Added Tax rate.

5.8 BUSINESS OPPORTUNITIES

From a continental perspective, the introduction of natural gas into South America, and the concomitant projects that this fuel source generates in a number of countries, illustrates the growing importance of the form of energy in a number of economies. The pipeline network planned in the Southern Cone illustrates a clear business commitment aimed at fostering and promoting growth in the sector well into the 21st century.

From a local perspective, the natural gas sector in Chile is characterized by its dynamism, both in terms of the number and extent of the projects that are under way as well as in potential for growth. More specifically, the impetus with which pipeline construction and distribution projects are growing, and the projected demand for natural gas in the industrial, business, residential, transportation, and electrical power sectors (all within a context of policies that tend toward energy integration in the Southern Cone region), point to an area replete with sustained business potential now and in the future.

Indeed, such is the case that foreign investment in the area will tentatively reach over US\$ 2 billion dollars merely in the six projects mentioned previously. Two Canadian firms, Nova Corp. and Methanex Corporation have invested considerable amounts of capital in the development of projects that promise sustained growth and profitability