

petroleum-derived fuels, and any other fuels. Likewise, he is also authorized to set forth standards applicable to the marketing of these products.

The law provides that any producer or importer of liquid fuels derived from petroleum is responsible for maintaining an average reserve stock for each product in an amount equivalent to a 25-day average sale computed over the last six months, or the average import amount for the same period, provided it is kept for his own consumption.

The pricing system must comply with regulations set forth by the Organic Law of the Ministry of Economy.

4. Incentives, Regulations, and Restrictions to Petroleum Production

The main incentives in the area of exploration and exploitation are described in the system of special petroleum-operation contracts (see Annex No 2). These are risk-contracts guaranteeing the contractor a previously agreed compensation in petroleum, which is to be exported or purchased by the State. In addition, when authorized by the President of the Republic, the contractor is assured a special tax treatment.

In the refining and distribution area, any company is allowed to run refineries. Advantages include freedom to import crude oil and derivatives, free access to the market by new distribution companies, and free access through rental of storage facilities from ENAP. Prices of petroleum derivatives are also freely set.

Applicable regulations and restrictions are those generally on quality and safety standards presently in force in the country.

5. Enterprises, Organizations, and Agencies Having a Bearing on Policy Design for the Oil Sector.

The main agency participating in the design of Chile's energy policy is the National Energy Committee (CNE). It is an advisory body reporting directly to the President of the Republic, and its mandates are described in Chapter I, section 3.