

Latin America has significant established reserves of natural gas, with estimates ranging from 250-300 trillion cubic feet. Total regional gas production lies at just under 4.8 Tcf. Not surprisingly, gas production has been stagnant in the 1990s in all gas-producing countries except Argentina, where domestic demand growth and infrastructure development are being strongly promoted. In Venezuela as well, natural gas reinjection has been an important component of the country's continued gains in crude oil production. Elsewhere, production volumes have stagnated or, in some cases, declined over the first part of the decade.⁴

5.7 GOVERNMENT POLICIES AND REGULATIONS IN THE GAS SECTOR

Institutional Policies

The Comisión Nacional de Energía, or National Energy Commission (CNE), is the agency that institutes government policies in the sector. The Ministry of Mining plays an inspectionary role and sets forth norms. Safety standards for facilities are set and supervised by the Superintendencia de Electricidad y Combustibles (Superintendency of Electricity and Fuels).

In general terms, the government has stated that it will not intervene in the decision-making process regarding the projects that are or would eventually be undertaken. These decisions, the government contends, will be made by private enterprise.

General Legislation

In addition, government authorities have elaborated the regulatory framework in the natural gas sector. The legislation (Gas Services Law, DFL No. 323, 1931) regulates issues concerning production, transportation and distribution, concessions, the exploitation of these services, pricing, and other aspects relevant to the area. The legislation, however, is considered deficient in issues concerning concessions, exploitation and the supplying of gas, safety conditions, methodologies for pricing, among others. The government, hence, is working with private enterprise and has begun studying the changes that need to be made in the old legislation so that the sector may develop within a modern regulatory framework that tends to promote project development in an open and competitive free-market context.

Already, in October and July of 1995, specific changes in the old legislation have been introduced and a new set of regulations have been enacted. The regulations modify the 1931 law and sets the norms that guide the granting of provisional and permanent

⁴*Petroleum Industry in Latin America*, Volume 1, pages 57-59.