

Methanol. The price of the sale is estimated at approximately US\$ 150 million, plus the company's liabilities. Henley contributed

US\$ 120 million in equity to the project so the transaction would make them a significant profit. Fletcher already owns a Methanol plant in New Zealand; therefore, it would become the world leader.

Production in 1990 was 850,000 tons of methanol, mostly for the foreign market. ENAP receives a base price for the sale of natural gas and a supplementary price which depends on the earnings obtained from sales.

Methylic alcohol exports were 616,480 tons in 1991 (801,480 in 1990), which was worth US\$ 82,2 million (US\$ 67.1 million in 1990). During January-May 1992 exports totalled 267,213 tons worth US\$ 22,1 million.

Chile is the third country to commercialize methylic alcohol derived from natural gas, and it is among the six major producing countries.

Chile's return to the U.S. Generalized System of Preferential Tariffs will favor Cape Horn. The tariff surcharge that affected methanol was 18%. The three main markets for the product are the U.S.A., Japan and Europe.

Methanol is used in the elaboration of paint and varnish, and as an agglutinator and elevator of octane in gasoline. It can also be used directly as fuel, because it does not contaminate.

IV.4.- Ammonia-Urea Project.

Magellen International Nitrogen Company (MINCO) is planning to build an ammonia-urea plant in Cabo Negro in the XII Region. Primary amount of investment is around US\$ 390 million. The gas for this plant would be supplied by ENAP, with a similar contract to the methanol plant's. Combustion Engineering would invest between 20 and 30 million dollars in this project, using Decree Law 600 that regulates foreign investment. Manufacturers Hanover Bank would invest another US\$ 60 million using Chapter XIX in a debt-equity swap. Corfo would invest US\$ 18 million that would be transferred to ENAP. International Finance Corporation, a World Bank organization, would provide between US\$ 7 and US\$ 10 million, and two local companies, Sigdo Koppers and Ovalley Moore, would contribute US\$ 2 million each to the project. The other US\$ 260 million could be supplied by International Finance Corporation (IFC), foreign banks, and export credits.

Production would be 570,000 annual tons of urea and 150,000 annual tons of ammonia. This production is expected to replace US\$ 40 million per year in imports of nitrogen fertilizers and to earn US\$ 60 million annual in exports. However, there has been no news about this investment in the past few months.