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GAS INTEGRATION IN SOUTH AMERICA: BENEFITS AND CHALLENGES

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Overview

This paper aim to discuss the main issues related to gas integration in South America. Countries like Venezuela and Bolivia possess representative gas reserves, which can supply Argentina, Brazil and Chile demand. Besides, unlike Europe, the region has a global gas surplus, which allows it to be an important gas supplier especially for US.

The economical benefits of integration are clear. Nevertheless, obstacles concerned to political instability, legal restrictions to gas integration and heterogeneity of regulation schemes could delay or even impede gas integration among South American countries.

Possible ways to overcome those problems are discussed. It seems clear that despite all the barriers to gas integration, the economical benefits make it worth. Thus, gas integration can contribute to build a solid path toward energy security of the region countries.

Methods

Initially, data on gas reserves, production and demand for the region are presented [1],[2] as well as the possible economic benefits of the gas integration [3],[4]. After that, the state-of-art of the regional agreements is showed [5], as well as the recent initiatives of the governments toward gas integration.

Results

This section presents a discussion about the barriers to gas integration such as legal restrictions, regulation asymmetries, political instability and country strategies and points out possible solutions for those problems.

Conclusions

Finally, the discussion above concludes that, although there are issues which can restrict or even avoid gas integration, it seems to be the best way to guarantee supply security for South American countries.

References

- [1] Anuário Estatístico da Indústria do Petróleo e do Gás Natural 2006, http://www.anp.gov.br/conheca/anuario_2006.asp
- [2] Statistical Review of World Energy – British Petroleum 2006, <http://www.bp.com/>
- [3] Brown, Ashley – “Regional Markets: Do they Require Regional Regulation?” - 3rd Annual Energy Integration Congress, Buenos Aires, October 23-25th , 2006
- [4] Albavera, F. S. – 3rd Annual Energy Integration Congress, Buenos Aires, October 23-25th , 2006.