

NATURAL GAS INTEGRATION IN LATIN AMERICA: FORWARD OR BACKWARDS?

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Throughout the 1990s to Year 2000, energy integration, and particularly natural gas integration, was seen as a major goal in the Southern Cone of South America. The regional perspective for energy was related to an even more challenging objective - Latin American economic integration, which was quickly moving forward by the constitution of MERCOSUR, the free trade zone built by Argentina, Brazil, Uruguay and Paraguay, and also having Bolivia and Chile as special partners. MERCOSUR was getting stronger and becoming a successful political project. Trade conflicts existed, but they were considered normal and nobody would disagree about the viability of MERCOSUR. By the beginning of the 21st Century, the economic integration process in South America was already advancing timidly as compared to the impetus from the beginning of 1990s. MERCOSUR started facing complex and almost insurmountable challenges after the numerous global financial crises (from 1998 to 2003) which had affected the economic balances in the region. Energy and gas integration in South America has equally lost perspective as fast as the importance of economic integration has declined. The economic crises in the region and poor energy policies have discouraged energy companies to invest. The paper presents this recent history of rising and falling in the concept of economic and energy integration in the Southern Cone of South America. Despite the abundance of energy resources, and particularly the plethora of recently discovered natural gas, the region has been experiencing systematic and important energy shortages, which may threaten its economic recovery. A stronger energy integration policy would help all the partner countries to reduce energy supply risks. Yet, energy (and gas) integration in the Southern Cone is still a complex long-term political project, which must involve all countries, but whose future perspective is unclear. It seems almost impossible to keep pushing forward this project without revitalizing the former « communitarian and regional perception of the world » that had led to the creation of MERCOSUR. The idea of energy or gas integration alone can hardly survive without the strong umbrella of a sustainable and wider economic integration policy. South American countries need a new initiative to restart the debate about such vital regional integration.