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**GEOPOLITICS OF NATURAL GAS INTEGRATION IN SOUTH
AMERICA**

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Since the year 2000, the global energy scenario seems to be changing significantly in respect to the reality which lasted roughly unchanged from 1985 to 1999. Growing energy prices moved to the top of the global agenda again, which, in turn, set up a new perception of structural energy scarcity. Concerns with security of supply for energy consumers became again the most important topic in the global energy debate. In particular, natural gas, which was believed to be less vulnerable to the instability of global geopolitics, suddenly became a major source of friction between nations in different parts of the world.

This article takes such general perspective to discuss the role of natural gas in promoting regional energy integration in South America. Initially, the paper describes how energy integration became, over the 1990s, a major political goal in South America. The regional perspective for energy was related to an even more challenging objective, i.e., the South American economic integration, which was quickly moving forward by the constitution MERCOSUR, the free trade zone built by Argentina, Brazil, Uruguay and Paraguay. Energy companies were expected to play an important role on fostering this regional economic integration through more energy trading as well as pursuing bi-national energy investments, which should consolidate a common infrastructure. The natural gas was seen as the most important alternative for fostering energy integration in the South Cone region.

By the beginning of the XXI century, the economic integration process in South America lost momentum and even MERCOSUR started facing complex and almost insurmountable troubles. The paper describes how those changes also made natural gas integration in the South Cone to loose perspective. Despite the relative abundant gas resources, the region has been experiencing systematic problems related to security of energy supply. Fears, panic and conflicts have been helping to mount nationalistic feelings among producers and consumers, increasing the barriers for more energy integration. Reliability of gas supply declined turning gas less competitive as compared to other energy sources. Indeed, the overall concept of energy integration is virtually dumped. Individual countries are seeking alternative domestic energy supply as well as diversifying energy imports towards more reliable partners outside the region. The article addresses those issues trying to extract from the global debate potential solutions that could eventually be applicable or adaptable for the South Cone region.