

Bolivia to sign natural gas deal with Paraguay, Uruguay

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By Eduardo Garcia

LA PAZ, Dec 16 (Reuters) - Bolivia will sign on Tuesday agreements to export natural gas and liquefied petroleum gas to Paraguay and Uruguay, an energy ministry official told Reuters.

The official did not provide details of timing or quantities, but said that high ranking officials from Uruguay and Paraguay will meet on Tuesday afternoon in La Paz with Bolivian Energy Minister Saul Avalos to sign the deals.

Although Bolivia has been struggling to meet the demand for natural gas of neighboring Argentina and Brazil, the official said the Andean country is confident hydrocarbons output will increase significantly next year.

"We'll produce more through increasing output in some existing fields, but also some new ones," the energy official told Reuters in a telephone interview.

Bolivia, the poorest country in South America, produces about 40 million cubic meters of natural gas per day, exporting most of it to Brazil and Argentina.

Both Paraguay and Uruguay are rich in hydro-electric power but import all their fossil fuels.

Leftist President Evo Morales nationalized Bolivia's energy industry in May 2006, seeking to boost state revenue from the country's vast natural gas reserves, the second largest in the region after Venezuela's.

After months of negotiations, all the energy companies with investments in Bolivia agreed to pay more taxes and keep operating in the poor South American country under the government's new rules in late 2006.

But recently the government has complained that foreign energy companies are not investing to increase energy output in the country and has pledged to invest up to \$1.5 billion next year in new, as well as existing fields through state-run energy company YPFB.

(Editing by Fiona Ortiz and David Gregorio)