

EFE reported. The deal also will strengthen "financial and monetary sovereignty," he added. Just the initial 360,000 barrels involved in the swap will save Ecuador and Uruguay \$25 million, said Correa. The presidents of Ancap and Petroecuador as well as Uruguay's outgoing minister of industry, energy and mining also were present for the program's kick-off. Uruguayan officials also said the exchange will be beneficial. "We're a country that is dependent on oil and it makes strategic sense to look for it. With this swap, Ecuador is our source of crude," Ancap President German Riet told EFE.

### Venezuelan Refinery on Curacao Remains Shut Down

Venezuela's Isla refinery on the Dutch island of Curacao remained shut down for a fourth day Thursday because of persistent power supply problems, Dow Jones reported. Concerns over power outages were among the factors that led workers at the refinery to protest earlier this week. However, a refinery official told Dow Jones that the protests have been resolved for now. "The workers are back at work, ready for when the plant starts up again," the official said. Workers' concerns were also raised when Rafael Ramírez, the president of Venezuela's PDVSA, said the state-owned oil company was reconsidering its involvement with the refinery due to Caracas' concerns the Netherlands is allowing U.S. troops to use the island as a base for spy missions into Venezuela. The Netherlands has denied the allegation. Curacao's government owns the refinery, which it has been leasing to PDVSA since 1985 under a contract that expires in 2019.

## Political News

### Chile's Bachelet Urges Calm as Quake Death Toll Surpasses 800

President Michelle Bachelet called for calm Wednesday and told Chileans there is adequate food, water and other supplies after Saturday's massive earthquake and urged survivors to stop hoarding goods,

## The Dialogue Continues

### How Significant is Carbon Financing for Latin America?

**Q** Energy projects in Latin America developed under the U.N.-administered Clean Development Mechanism (CDM) could generate \$3.9 billion worth of carbon credits by the time the Kyoto Protocol expires in 2012, Jem Porcaro, a senior vice president at CarbonNeutral, told Business News Americas last month. Will carbon markets provide a significant source of financing for project developers in Latin America? How effective have carbon markets been at promoting clean energy investment in the region, and what does the future hold?

**A** David "Max" Williamson, counsel at Andrews Kurth, and Francisco Fernandez Asin, executive director of Endesa Carbono: "The performance of the CDM as a means for increasing investment in emerging markets, including Latin America, has so far been disappointing. Of the CERs potentially available in 2012 only 15 percent derive from projects in Latin America, with nearly half of those in Brazil and the rest in Mexico, Chile and Argentina. Barriers to higher volumes have included CDM registration and processing costs, uncertain eligibility requirements and restrictive methodologies, with a lack of scale posing challenges to entry for smaller projects. However, the primary constraint is that the economics of carbon vary tremendously. Thus far, only industrial gas and methane-based projects typical-

ly generate enough carbon to make those projects profitable (and financeable). Given the relative scarcity of projects, buyers prefer projects (usually in larger countries) that compensate for large volumes of emissions. Renewable energy does not generate enough carbon to make a substantial difference in project economics at current carbon prices, which suffer from uncertainty over the future of the U.N. climate change process and, like other commodities, have been impacted by the global financial crisis. Although banks (especially multinationals) increasingly prioritize renewables projects, carbon revenues are generally viewed as merely an additional revenue stream enhancing profitability but not enough to tilt the balance for project risk assessment purposes. The future of carbon finance will depend on methodologies that are more generous in awarding carbon to projects and streamlined CDM qualification. More can be done by Latin American governments to implement clear regulatory frameworks for renewables projects. The U.S. cap and trade system, if adopted, could trigger positive changes for all of the Americas depending on the development of U.S. domestic projects. Latin America's special relationship with, and proximity to, the U.S. position it well to benefit from these developments."

*Editor's note: The above is a continuation of a Q&A published in the Feb. 22-26 issue of the Energy Advisor.*

Reuters reported. "There is enough food and therefore we must remain calm. There is also enough fuel, there is no risk of shortages," Bachelet said in a televised address. "Be confident ... Chile is going to stand on its feet again." The death toll from the 8.8-magnitude quake stood at 802 Thursday morning, but Bachelet said the toll is certain to rise. Hundreds of people remain missing. Meantime, the

Chilean military secured more areas of Concepción against looters, appearing on almost every block of the hard-hit city. They provided security as municipal authorities delivered canned beans, flour, cooking oil and other supplies to survivors who had seen little aid since the quake, the Associated Press reported. Even as aid arrived, survivors continued to be rattled by a series of strong after-