

<https://www.internationalviewpoint.org/spip.php?article494>



Argentina

Enron in Argentina

- IV Online magazine - 2002 - IV338 - March 2002 -

Publication date: Thursday 7 March 2002

Copyright © International Viewpoint - online socialist magazine - All rights reserved

Do a quick search of the Web on the terms Enron and Argentina and you mostly get either references comparing the two, or a recent satire in which Kenneth Lay claims immunity by claiming Enron IS Argentina. You might even stumble on the Mother Jones article detailing Dubya's lobbying of the Argentine government on behalf of Enron when he was governor of Texas.

[<https://www.internationalviewpoint.org/IMG/gif/arg3.gif>]

It turns out (not surprisingly given the extent of Enron's global interests) that Enron is very deeply involved in Argentina. Its holdings there are in Transportadora de Gas del Sur (TGS), whose website describes the company as "the leading gas transportation company in Argentina, operating the most extensive gas pipeline system in the country and in Latin America." Enron's own website says "The company serves 4.3 million customers, 3.1 million of which reside in the greater Buenos Aires area."

To understand the significance of these figures it's worth noting that in 1998, 48% of energy use in Argentina came from natural gas (as quoted in a report posted by the Brazilian Embassy in Washington DC, which tracks such things because of the international pipelines being laid across countries in the region.)

And here's one from MSN's 'Moneycentral' site: 'Don't cry for Transportadora de Gas del Sur (TGS), Argentina. The company delivers more than 60% of natural gas used in Argentina through the nation's largest pipeline system (4,300 miles). Formerly state-run, TGS holds exclusive license (until 2027) to transport gas from southern and western Argentine sources to distributors nearby and in the Buenos Aires metro area. TGS's gas services include treatment, processing, and liquefied petroleum gas (LPG) marketing; the company plans to export energy to neighbouring countries. It is also building a fibre-optic network in Argentina. The firm is 70%-owned by Compañía de Inversiones de Energía, which is jointly controlled by Perez Companc and US energy giant Enron.'

That's right, Enron. TGS's own website spells this out in more detail, where it says its controlling shareholder is Compañía de Inversiones de Energía S.A. (CIESA), "which together with Pecom Energía group and Enron Corp, hold approximately 70% of the Company's common stock. The remaining 30% ownership in the Company is currently held by local and foreign investors."

And who is CIESA? Again, from TGS: "CIESA is owned 50% by Pecom Energía (whose controlling shareholder is the above-mentioned Perez Companc) and 50% by subsidiaries of Enron. CIESA has the ability to direct the management of the Company, to control the election of the majority of the Board of Directors, to determine the dividend policy and other policies of the Company and to determine the outcome of any matter put to a vote of the shareholders of the Company.'

TGS arose through a privatisation process of the kind which Enron has pushed around the globe. (See 'Enron: The Global Gospel of Gas', www.moles.org/ProjectUnderground/motherlode/enron.html). 'We started our operations in late 1992, as a result of the privatisation of Gas del Estado S.E. ("GdE"), the former state-owned company.'

And TGS has a significant investment in telecommunications through its Telcosur subsidiary, through which it is 'positioning ourselves as an independent carrier of carriers and also offering services to large companies within our area of influence.'

'Telcosur,' says TGS, 'was born at the end of 1998 in order to take advantage of TGS's existing telecommunications assets and infrastructure, as well as the upcoming deregulation of the telecommunications market, and the experience of power companies from other countries that were successful in the telecommunications business.' The 'experienced' power companies, of course, means Enron. And their success in that business was, as the Wall Street Journal recently documented, a bust - and not just because of fraud, but because of the glut in fibre-optic capacity (that is, a mismatch in supply and demand which tends under capitalism to lead to precisely the kind of fraud Enron specialized in.)

But despite Enron's failures in the telecom field elsewhere, Telcosur is following its 'experience' in avoiding direct sales in favour of trading access to commodities, services, and financial instruments: 'An important difference in connection with other telecommunication operators is its independence, since it serves the wholesaling market and therefore does not compete with its customers in retail operations: switching, frame-relay, telephone services, among others.' It provides 'value added services; in other words, [it is] a carrier of telephone carriers and of large corporate users.'

Telcosur is also 'installing a high-capacity fibre optic network that will link Buenos Aires, Bah a Blanca and Neuqu n, the most active routes in its service area.'

Enron is currently in the process of divesting various subsidiaries around the globe to raise cash, and at least one potential buyer for its Argentina subsidiary has been mentioned. That buyer is Sempra Energy International, which owns a 43-percent interest in two Argentine natural gas utility holding companies, Sodigas Pampeana, S.A., and Sodigas Sur, S.A., and which 'serve 1.3 million customers in central and southern Argentina, delivering approximately one-third of all the natural gas distributed in the country.' Sempra, a big operator in Chile and elsewhere in Latin America, also owns Southern California Gas and San Diego Gas & Electric, and has just bought Enron's London energy trading operations. It's not clear if the deal will go through.

In the meantime workers in Argentina are demanding the renationalisation of firms in a variety of sectors. On February 5th Argentines marched on the offices of Repsol to demand jobs. Repsol, according to the Partido Obrero, 'is the 7th largest [oil company] in the world, which has reaped fabulous profits from privatisation, and which is responsible for widespread layoffs, pay cuts and refinery closings.'

If the mobilizations in Argentina continue to deepen we can expect that calls for renationalisation - this time under workers control - of the entire energy sector will deepen. And if Enron's Argentine subsidiaries are targeted that might even encourage some in the US to think about similar solutions here.