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Last chance saloon: Brazil, Argentina seek closer gas ties, investment risks linger
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[1]

At an oil and gas event in Buenos Aires last December, Argentina's energy secretary Flavia Royon announced what seemed like a breakthrough: Brazil's state-owned development bank, BNDES, and the Development Bank of Latin America (CAF) had agreed to finance the construction of the remaining phase of a key gas pipeline from the Vaca Muerta shale play. The banks would provide loans of USD 689 million and USD 540 million respectively to build the second section of the President Nestor Kirchner pipeline.

The cash-strapped Argentinian state is funding the first, 563-km section of the route. On a visit to Argentina in January 2023, Brazil's president Luiz Inacio Lula da Silva referred to the BNDES when he said his government would "create the conditions" to finance the remaining phase. Argentina has declared the infrastructure project to be of "national public interest" and says it could also help pave the way to energy self-sufficiency and eventually more gas exports, including to Brazil.

However, neither of the apparent funding pledges appear to be forthcoming.

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