

S.American leaders agree to negotiate gas prices

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PUERTO IGUAZU, Argentina (Reuters) - Four South American presidents agreed on Thursday to negotiate prices of Bolivian natural gas and dismissed the notion that Bolivia's nationalization of its energy industry had caused a rift.

The leaders of Bolivia, Brazil, Argentina and Venezuela said it was important to keep the fuel flowing despite the problems caused by the takeover, which Bolivian President Evo Morales announced at a workers' rally on Monday as troops deployed in gas fields and company offices.

Brazil's state oil company Petrobras is the largest investor in Bolivian energy with \$1.5 billion in investments and Brazil and Argentina are Bolivia's top gas markets.

"In this meeting, any concerns the presidents may have had have been dispelled," Morales told a news conference at the end of the three-hour emergency summit in this Argentine tourist town.

The leaders came up with a document spelling out the way forward, which essentially was to keep talking.

"In terms of price, the document is absolutely clear," Argentine President Nestor Kirchner said. "It says that bilateral meetings will be the means to resolve price discussion between countries."

Morales' takeover decree gave government energy company YPF control over production and the state a 51 percent stake in several foreign companies operating in one of the poorest countries in the Americas.

The companies, which he accuses of exploiting the country's resources to little benefit for ordinary Bolivians, have six months to sign new contracts or risk expulsion.

Emerging from the meeting, Morales, Kirchner, Brazil's Luiz Inacio Lula da Silva and Venezuela's Hugo Chavez were keen to stress that solidarity was intact despite talk of a rift between Bolivia and Venezuela on one hand and Brazil and Argentina on the other.

The four men, who are well acquainted, represent two sides of the leftist trend in Latin America. Lula and Kirchner are centrists while Chavez and Morales lean toward socialism.

BOLIVIA, VENEZUELA ALLIED

Morales had arrived from La Paz with his ally Chavez, who backs the nationalization and has moved to rewrite contracts and impose retroactive tax hikes on foreign energy companies in Venezuela, the world's No. 5 oil exporter.

The two embraced before heading into the session. At the end, there were hugs all round.

Lula said the meeting should reassure investors.

"We are responsible adults. We respect the problems of each country," he said.

Chavez said Morales' move was a "historical imperative."

"There may be differences over the way it was done, ok, but in the end I don't think any of us does not support the Bolivian people's sovereignty."

Petrobras Chief Executive Jose Sergio Gabrielli, whom Morales on Wednesday accused of "blackmail" for suspending new investment in Bolivia, made no comment as he left the hotel.

A Bolivian government source in La Paz said Petrobras and Spain's Repsol YPF had said they were willing to start talks over how to comply with the new rules,

Venezuelan ministers said Caracas would help Bolivia in the nationalization process. It would send technicians to audit reserves and company assets, Energy Minister Rafael Ramirez said.