
Interview: Hugo D'Angelo, Argentine hydroelectric executive

Joint Argentine-Paraguay project will restart industry, boost economic integration

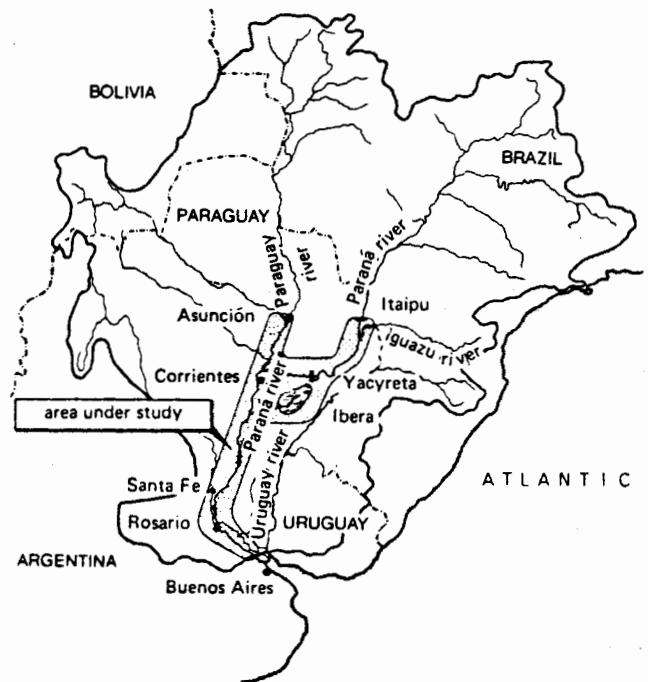
Ground is scheduled to be broken very shortly on one of the world's largest hydroelectric projects, the Yacyreté dam and reservoir complex on the Paraná river on the border between Paraguay and Argentina. In June of this year in Buenos Aires, EIR's Cynthia Rush interviewed Hugo D'Angelo, executive director of the Entidad Binacional Yacyreté, the joint Argentine-Paraguay company formed to carry out the project. Yacyreté, the second of five on the Paraná to be begun, is a central element in the development of the Rio de la Plata basin which involves not only electric power but flood control and irrigation. When the whole basin is fully developed by the year 2000, it will constitute one of the major construction wonders of the world. Sr. D'Angelo expands on the significance of this project for Argentina and Paraguay, and for the entire southern South American region.

EIR: Mr. D'Angelo, could you describe the Yacyreté project, and talk a bit about its history, its scope, and its current status?

D'Angelo: The Yacyreté project came into being as the result of an international agreement with the Republic of Paraguay to build a hydroelectric plant on the Upper Paraná, on the border between the two countries. It is a project of extraordinary magnitude with an installed capacity of 2,700 Mw in the first phase, and 4,000 Mw in the second. To give you an idea of the scope, this constitutes more than 50 percent of Argentina's current installed capacity. The project has multiple purposes, but, fundamentally, it's designed to supply energy. The net cost of the project at this point is in the range of \$3.4 billion, with a seven-year period for completion of construction. The project is indispensable for Argentina's electricity market because it is scheduled to begin providing energy in 1990, at exactly the moment that we expect to have a deficit in the country's energy supply.

The project is an excellent one in terms of what it means for the economic development of Argentina's northeast and what it means as a geopolitical balance in relations with Brazil and Paraguay. The project is part of our national energy plan proposed in 1977, and its coming on-line is within the provisions of that plan as well as of the country's economic development.

In itself, the project is of vital importance, because it will



be a factor for the country's industrial reactivation; logically, the energy generated by the project will reactivate the industries that collaborate with Yacyreté, and will also generate a significant demand for labor power. The energy generated by Yacyreté will be supplied mainly to the interior of the country—high-tension lines will extend to the northwest and center of the country. We feel that with this project, and with the future Corpus project [one of the other major planned hydroelectric projects in the same region—C.R.] will have a system in the Upper Paraná which, together with Itaipú—the Brazilian-Paraguayan hydroelectric project—will create a center of regional development from an industrial standpoint which will take on international importance.

EIR: What are the more specific benefits of the project beyond energy generation; what will it mean in terms of flood control, for example?

D'Angelo: Well, in terms of attenuating the rise in the level of the river [northeastern Argentina has been struck over the past six months with devastating floods, due to unprecedented rainfall leading to the overflow of the Paraná River—C.R.] the project tries to take this into account; however, in the face of the extraordinary events occurring in this region right now as a result of the highest levels in the history of the Paraná River, the effects of the attenuation are really insignificant; for this to have the necessary effect and importance, the whole system—that is, Corpus and the compensatory dam downriver from Yacyreté—would have to be completed. We would also have to put into operation the project to deviate a certain amount of water from the Paraná to the interior of the country, toward the famous Ibera Lagoon, something that has not yet been agreed upon with the government of Paraguay. Once the whole system were complete, then we would really have the possibility of seriously controlling the Upper Paraná. Our present ability to control it is unfortunately very poor. . . .

Irrigation is one of the other objectives of the project, but it is really Paraguay that has a larger area projected for such development, in the range of 150,000 hectares. From the Argentine side, the area of irrigation is quite small and won't be significant in terms of the regional economy. We feel that the availability of energy should serve as the basis for a great industrial expansion from the Argentine side, thinking fundamentally of agro-industry and in the large client that we have on the other side of the Uruguay River [Brazil] population density shows spectacular differences compared to the Argentine side. In this regard, the Argentine government has very concrete plans for implementing joint projects with Brazil in the area of the Upper Uruguay River, through three hydroelectric projects that will allow us to maintain a regional balance through three binational agreements—one Argentine-Paraguayan, another Argentine-Brazilian, and a Brazilian-Paraguayan one. This will create a very beneficial balance for the three countries in terms of energy supply and in managing the cost of that energy. . . .

EIR: Why has Yacyreté been delayed? I understand that you are expecting adjudication of the project by the end of June.

D'Angelo: The Yacyreté International Treaty was signed in 1973. Unfortunately, just as the engineering side of the project was in the process of completion, Argentina entered the crisis of 1975, and then the process of 1976 [the March 1976 coup that deposed the Peronist government and installed the monetarist-dominated military junta—C.R.]

and Paraguay lost interest in getting the project underway immediately. Another crisis followed which affected Argentina from an economic standpoint, with subsequent international problems, leading to the repeated delay of the project.

Unfortunately the recession of 1979-80 was one of the principal causes of the delay in the project. Argentina's development was halted, nor was anyone proposing the need for an increased energy supply. . . . Argentina has lost two or three years, and so has the project, so we really have to begin all over again as if no progress had been made.

We took charge of the company in September of last year, and analyzed with the government the need for going ahead with the project, both from an economic standpoint and from the standpoint of Argentina's development . . . and we concluded that we have to move forward with the greatest possible speed. . . .

EIR: In terms of integrating the entire Rio de la Plata Basin area, the model of binational cooperation is very important. Do you foresee greater cooperation among the nations of Latin America on infrastructural projects such as Yacyreté. What would be the obstacles to cooperation of this type?

D'Angelo: The ultimate aspiration of all Latin American peoples is of integration—not just from the standpoint of their political aspirations but also from the standpoint of their own development. As far as our projects are concerned, integration with Brazil is an absolute priority and we feel that a great community of purpose will make that integration possible.

The problems with Paraguay are completely different; its development needs are not comparable with those of Brazil and Argentina. But the putting into operation of projects such as Itaipú, Salto Grande, and Yacyreté is transforming the entire region, and becoming a true South American reality implying an example of cooperation following the [tradition of] the old schools of Europe regarding these types of agreements which will transform not only the regional economies but also the spirit of community of our neighboring peoples. It is through such projects that real history is made; without question they will foster centers of regional development and a new political position internationally which will be felt in the international markets.

We hope to be able to continue these projects with our brother countries, and speaking from the standpoint of a rigorously technical entity such as this, I would say that Latin America looks with the greatest interest on these types of undertakings which we modestly understand as the most appropriate manner of supporting South American development.