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ENERGY CRISIS

Florida well placed to lead drive for ethanol

By Jeb Bush

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Increasing ethanol use can benefit our environment, strengthen national security and fuel the economic engine of free trade, creating a win-win-win for the United States. Given the importance of energy to our long-term economic strength, the United States should establish a plan to pump 15 billion gallons of ethanol into the marketplace by 2015 -- twice the amount required by the Energy Act of 2005. To achieve this, the United States should expand ethanol production, create new domestic production and import more international supplies. Florida is positioned to become a leader in a hemispheric approach to achieve this objective.

The United States produced 4.3 billion gallons of ethanol last year, mostly from Midwestern corn. Regional production of ethanol from feedstocks would provide diversity to guard against disruptions and reduce transportation costs.

Florida is creating incentives to promote ethanol use and production, using crops such as sugar cane. With more than 1.4 million acres, Florida farmers may help catapult the state into a major producer of alternative fuels. To spur development and innovation in energy, our state is investing \$7.5 million annually for the next four years in corporate income-tax credits and sales-tax exemptions to businesses that produce and distribute clean fuels such as ethanol. We're also offering a \$15 million renewable energy technology grant program.

Less gas consumption

Ethanol blended fuel is cleaner than petroleum alone and is a valuable tool in protecting our environment. Only three states east of the Mississippi, including Florida, meet federal air-quality standards. Small blends of ethanol are currently used by states to bring them into attainment with clean-air standards. Flex-fuel vehicles that can run on an 85-percent ethanol blend hold an even greater promise for the environment.

A gallon of ethanol reduces gasoline consumption, which subsequently reduces our dependence on foreign oil. Last year, U.S. drivers used nearly 140 billion gallons of gasoline. The United States imported enough crude oil to produce approximately 97 billion gallons of gasoline, about 67 percent of the total consumption.

Cars can run on 10 percent gasohol without any modifications. Even with slightly diminished fuel efficiency, adding 15 billion gallons of ethanol at a 10 percent blend called gasohol will displace just under 15 billion gallons of gasoline in U.S. cars.

Having said that, we shouldn't confuse "energy independence" with "energy autonomy." Isolationism isn't the answer. Eliminating the import of foreign fuel, especially in the short-term, is unrealistic. Instead, the United States should develop a strategy that gives us the freedom and the flexibility to pick our energy partners.

OPEC controls 39.5 billion gallons, or about 28 percent of our nation's supply. The bulk of the fuel comes from just three nations, Venezuela, Nigeria and Saudi Arabia. Political unrest in these countries -- not to mention downright antagonism from Venezuelan President Hugo Chávez -- creates uncertainty. The opposite could be said about nations that export the majority of fuel to our country: Canada and Mexico. They supply enough crude oil to make nearly 28 billion gallons of gasoline, about 20 percent of our total supply.

Our security interests would be well served by initiating and expanding energy partnerships with our friends and allies, especially those in the Western Hemisphere. As the gateway to the Americas, Florida has several ports of entry for ethanol from Central and South America. With most of our fuel flowing into the state from our ports, it would be a viable expansion of existing operations.

Since 1989, ethanol from Central America and the Caribbean can be imported duty free to the United States as part of the Caribbean Basin Initiative. Under the same agreement, ethanol produced from nonregional sources is duty free up to 7 percent of total U.S. ethanol consumption.

The Central American Free Trade Agreement establishes quotas for El Salvador and Costa Rica within that framework. Building on that foundation and extending those incentives to our neighbors in South America may significantly increase production of ethanol.

Taxed in the U.S.

Brazil, for example, produces about as much ethanol as the United States, around four billion gallons a year. Brazilian ethanol, made from sugar cane, costs between 30 to 50 cents less to make than U.S. corn-based ethanol. However, the savings are not passed onto motorists because, unlike oil imports, imported ethanol is taxed by the United States.

Colombia has announced its intent to develop ethanol production as well. The goal is to mandate 10 percent ethanol in fuel supplies. The country's first ethanol plant in the Cauca department is expected to produce up to 28.9 million gallons a year.

Finally, removing barriers to free trade of ethanol in the Western Hemisphere may be the catalyst to jump start negotiations on the Free Trade Area of the Americas, which will create the largest free-trade zone in world.

Ethanol's benefits are obvious. Current events have created a convergence of factors to significantly accelerate its use in our nation. We must embrace the opportunity and drive change to meet the goal of "15 by 15."

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