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BRAZIL-U.S. RELATIONS

Why biofuels alliance is a good idea

By Luiz Inacio Lula Da Silva

Today I will visit with President Bush at Camp David to follow up on conversations we had a few weeks ago in Sao Paulo. We have taken an important first step toward committing our countries to developing clean and renewable energy sources that will ensure the prosperity of our peoples while protecting the environment.

We are launching a partnership to enhance the role of ethanol fuel in our countries' energy mixes while moving to make biodiesel fuel more widely available. Simultaneously, we are creating opportunities to expand these programs onto the global stage.

This initiative builds on what Brazil has achieved in biofuels. Thirty years of research and innovation have made my country self-sufficient in oil by replacing 40 percent of our gasoline consumption with ethanol. "Flex-fuel" engines, which run on any combination of biofuels, have transformed ethanol into a secure and reliable energy source. We look forward to similar technical breakthroughs as we further develop our domestic biodiesel market.

However, ethanol and biodiesel are more than an answer to our dangerous "addiction" to fossil fuels. We aim to set in motion a reassessment of the global strategy to protect our environment. As well as being renewable, biofuels in Brazil are clean and highly competitive; ethanol made from sugar cane leaves no residues, as everything is recycled and the byproducts of its production are used to enrich the soil. Equally important, sugar cane sequesters carbon from the atmosphere, helping to reduce greenhouse gases.

These alternative energy sources help reduce global dependence on relatively few countries for energy supplies. The agreement between Brazil and the United States provides for diversifying the production of biofuels through triangular alliances with third countries. This networking can include oil-producing countries interested in blending ethanol or biodiesel into their own fossil-fuel stocks. This is a recipe for increasing incomes, creating jobs and alleviating poverty among the many developing countries where biomass crops are abundant.

For these proposals to gain traction, foundations for a worldwide market in these fuels must be put in place. Brazil and the United States joined India, China, South Africa and the European Union in launching the International Forum on Biofuels this month. Its goal

is to ensure conditions for ethanol, and later biodiesel, to become globally marketed commodities.

This will be achieved only if trade in biofuels is not hindered by protectionist policies. After all, the subsidies provided under America's corn-based ethanol program have spurred an increase in U.S. cereal prices of about 80 percent. This hurts meat and soy processors worldwide and threatens global food security.

The success of Brazil's ethanol program has also helped to dispel certain myths.

- **Ethanol is not** a direct menace to tropical rain forests, as Amazonian soil is highly unsuitable for growing sugar cane. Moreover, under Brazil's unwavering commitment to environmental protection, deforestation has fallen by 52 percent over the past few years.

- **Sugar cane does not** threaten food production. Less than a fifth of the 340 million hectares of arable land in Brazil is used for crops. Only 1 percent, or 3 million hectares, is used to harvest cane for ethanol. By contrast, 200 million hectares are pasture, where the production of cane is beginning to expand. The real challenge in providing food security lies in overcoming the poverty of those who regularly go hungry. That is why we have launched a campaign, in Brazil and abroad, to guarantee to every man, woman and child the minimum income required to buy three square meals a day.

- **Yes, working conditions** for sugar cane harvesters must be improved, and we are fully engaged in doing that. However, this issue hardly justifies harsh criticism of an economic activity that employs and offers hope to so many people in Brazil and throughout the world.

Agriculture provides not just foodstuffs but also a way of life for millions of small-scale farmers globally. The spread of sugar cane, soy and other oleaginous crops for biofuels will ensure that needy farming families have the financial means to feed themselves. A significant increase in the value of agricultural produce and in trade income could easily be achieved if developing countries that might cultivate these biomass crops did not face unfair competition from farmers who benefit from vast subsidies in rich countries.

We all know that the secret to energy security lies in diversifying our energy sources. Brazil and the United States represent more than 70 percent of world ethanol output. We are sharing markets and technical expertise to produce cleaner, more efficient and renewable energy.

Our two countries have always put their faith in the entrepreneurship of their citizens. Today, we have an opportunity to bolster confidence in our capabilities to respond to new challenges and global threats. By investing in biofuels, we can also join with developing countries in spreading peace, prosperity and the promise of a better future.

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