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## Brazil defends ethanol deal at summit

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PORLAMAR, Venezuela --

Brazil is defending its ethanol agreement with the United States, despite efforts by Venezuelan President Hugo Chavez to undermine the deal using his country's vast reserves of oil and natural gas.

Chavez did not publicly discuss his dispute over ethanol with Brazilian President Luiz Inacio Lula da Silva at the start of a two-day energy summit Monday, but the Venezuelan leader has pledged to explain his objections to last month's U.S.-Brazil ethanol agreement.

Chavez, a staunch critic of U.S. President George W. Bush, has warned that Brazil's deal with Washington would monopolize arable lands and starve the poor - concerns shared by his Cuban ally Fidel Castro.

But Marco Aurelio Garcia, an adviser to Silva, denied that Brazil's plan would cause food prices to skyrocket and defended it as a way of creating jobs.

"Nobody stops eating due to shortage of food. People stop eating due to lack of income. That's the fundamental issue," Garcia said.

The U.S. and Brazil are the world's two biggest producers of ethanol - the alcohol-based fuel made from crops such as sugarcane or corn. They signed an "alliance" last month to promote its production in the region and create international quality standards to allow it to be traded as a commodity like oil.

Chavez has not said what he would do to oppose that plan, other than allude to his lobbying efforts against other U.S.-proposed trade agreements.

Officials from a dozen South American countries were attending the two-day summit on Margarita Island, where Chavez was expected to seek support for projects including a regional "Bank of the South," a natural gas pipeline and a proposed gas alliance modeled after the Organization of Petroleum Exporting Countries.

On ethanol, Brazil's interests appear to lie in its agreement with the U.S., despite Chavez's disapproval.

Silva said before leaving Brazil on Monday that he hopes to discuss the ethanol concerns, especially "the technical or scientific basis of the criticisms."

Chavez used to speak warmly about ethanol's future, but he came out harshly against its promotion as a substitute for gasoline after the U.S.-Brazil agreement.

His concerns are shared by some experts who say that even if all arable land on Earth were turned over to biofuel production, it still would not meet world demand for fuel. Venezuela still plans to expand its own ethanol production for use as a fuel additive.

Without mentioning the ethanol spat, Chavez and Silva met before the summit at a ceremony marking the start of construction on a new petrochemical complex, smiling and shoveling cement side-by-side for the cameras.

In a visit to Brazil, meanwhile, former Florida Gov. Jeb Bush criticized Cuba and Venezuela for their leaders' newfound opposition to increased ethanol production.

"Mysteriously, for reasons I can't explain, they did a complete about-face," said Bush, the brother of President Bush.

Without mentioning Venezuela by name, Jeb Bush said the U.S. needs to boost ethanol use because much of the petroleum it consumes comes from nations that consider themselves "enemies of our country."

Venezuela's information minister, Willian Lara, dismissed Bush's remarks as part of the "open, clear and persistent intention" of the U.S. government to create a negative image of the summit hosted by Chavez.

Chavez, in a pre-summit speech, called for South American unity and repeated his accusation that the U.S. plotted a brief 2002 coup against him. He warned that if the U.S. tries to topple him in the future, "there won't be a single drop of oil for the United States."

Despite worsening political tensions, the U.S. remains the No. 1 buyer of Venezuelan oil, which accounts for about 12 percent of U.S. oil imports.