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## **SOUTH AMERICA**

# **Chávez tries to defuse ethanol rift with Brazil**

**Venezuela President Hugo Chávez said he is opposed to American corn-based ethanol and not Brazil's sugar-cane version.**

By Fabiola Sanchez

Associated Press

PORLAMAR, Venezuela --

Venezuela President Hugo Chávez appeared to soften his opposition to a U.S.-Brazil ethanol deal on Tuesday after running up against a defiant Brazil, insisting his real objection is to the U.S. corn-based variety of the biofuel -- not Brazilian ethanol produced with sugar cane.

Chávez said he does not object to ethanol, which the United States and Brazil have agreed to jointly promote, but that he does oppose U.S. plans to step up production of ethanol made from corn. He called it "taking corn away from people and the food chain to feed automobiles -- a terrible thing."

"We aren't against biofuels," Chávez said. "In fact we want to import ethanol from Brazil." He said Venezuela needs some 200,000 barrels of ethanol a day to be used as a fuel additive.

He also urged the U.S. to lower tariffs on Brazilian ethanol made from sugar cane, a point that has been pressed with Washington by Brazilian President Luiz Inácio Lula da Silva. Chávez used to speak warmly about ethanol's future, but came out harshly against a U.S.-Brazil pact last month to promote its production in Latin America. He warned that rampant ethanol production would monopolize cropland and starve the poor -- concerns shared by his Cuban ally Fidel Castro.

## **'A WAY OUT'**

Brazil dismissed those criticisms, saying that starvation is caused by a lack of income -- not a lack of food.

"The truth is that biofuel is a way out for the poor countries of the world," Lula da Silva told reporters after a two-day summit of South American officials. "The problem of food in the world now is not lack of production of food. It's a lack of income for people to buy food."

Chávez did not voice specific criticism of plans by Brazil and the U.S. to promote ethanol use in other countries. Amid the differences, Chávez has gradually modified his

criticisms, insisting that Brazil's ethanol plans are fundamentally different from Washington's.

Chávez last week spoke out against U.S. aims to substitute gasoline with ethanol, raising concerns shared by experts that all the arable land on Earth cannot meet the full world demand for fuel.

But in Brazil, about eight out of every 10 new cars are "flex fuel" vehicles that can run on gasoline, ethanol or any combination of the two -- and ethanol is available at virtually every gas station.

David Fleischer, a political scientist at Brazil's University of Brasilia, said Chávez appeared to backtrack in order to avoid a confrontation with Brazil. "Chávez was convinced to back off. His main problem is with Bush."

### **BUSH'S 'MADNESS'**

Chávez denied shifting his position, saying "we have always said that the bio-ethanol project . . . that Brazil has had for more than 30 years is very different . . . from the madness that the U.S. president has proposed. It's completely the opposite."

Officials from a dozen South American countries attended the two-day summit on Margarita Island, where Chávez was seeking support for a South American natural-gas pipeline and other energy projects.

Lula da Silva said leaders did not discuss the proposed creation of an OPEC-like cartel for natural gas or a regional "Bank of the South." He said details of the plan for a regional development bank would need to be defined.

Chávez also proposed a South American "energy treaty" based on oil, natural gas, alternative energy and energy conservation. He said the leaders agreed to create a South American energy council to oversee those plans.