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BIOFUELS

Venezuela's Chávez makes a U-turn on ethanol

With President Bush supporting ethanol initiatives, some leftist leaders have altered their stances to reflect anti-U.S. policies.

By Phil Gunson

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CARACAS --

Venezuelan President Hugo Chávez was on the ethanol bandwagon. Until, that is, President Bush jumped aboard. Now, it seems, ethanol is a threat to the poor.

In August 2006, the Venezuelan state oil corporation PDVSA signed an agreement with its Brazilian counterpart, Petrobras, for "long-term" supplies of ethanol as a renewable substitute for gasoline.

Until just a few weeks ago, the leftist Chávez was pressing ahead with a five-year project to sow almost 700,000 acres with sugar cane to produce ethanol with the technical support of Brazil and Cuba -- 15 new sugar mills were planned to produce 30,000 barrels of ethanol a day.

Even in early March, Havana and Caracas announced an agreement to build 11 ethanol plants in Venezuela, using Cuban expertise. The agreement also included the modernization of 10 plants in Cuba and the construction of a further eight, based on Brazilian production methods.

But after Bush visited Brazil and signed an ethanol deal with President Luiz Inácio Lula da Silva, both Chávez and his close ally, Fidel Castro, converted to the anti-ethanol camp. Chávez is among the most vocal critics of Bush and has frequently referred to him as "the devil."

Toward the end of a Latin American and Caribbean tour in which he dogged Bush's own regional trip, Chávez said in Jamaica that there were "ethical" reasons to oppose ethanol production.

"When you fill a vehicle's tank with ethanol, you are filling it with energy for which land and water enough to feed seven people have been used," Chávez said. Instead of food, he said, the land was used to fill "rich people's cars."

CASTRO'S OPINION

The significance of the U-turn was underlined when Fidel Castro used his first article for the Cuban Communist Party's newspaper, Granma, since falling ill July 31 to slam Bush's ethanol plan.

Accusing the U.S. president of condemning more than 300 billion people "to premature death" by converting "food into fuel," Castro wrote that the production in Cuba of alcohol from sugar cane -- using the predominant Brazilian method -- was "no more than a dream or a delirium."

Castro made it clear that he was not criticizing Chávez, whose aim was to "improve the environment" by using ethanol as an additive to gasoline less polluting than others.

Nonetheless, a question mark now hangs over Venezuela's ethanol plans, despite the fact that Chávez himself had promoted its use.

VENEZUELA'S AGENDA

On March 15, agriculture minister Elías Jaua partially clarified the picture when he announced that Venezuela would continue to produce ethanol as a fuel additive but opposed its use as an alternative to gasoline.

He also sharply reduced the amount of land to be dedicated to the production of sugarcane ethanol. "We are talking of some 100,000 hectares," or about 250,000 acres, Jaua said, "because we don't grow agricultural products to feed vehicles."

Many analysts, however, see the change of heart by the two leaders as a product of political rather than environmental considerations.

"What's hidden behind the ethanol issue is a game of geopolitics," said Edgar C. Otálvora, an economist, historian and former diplomat. "Rivalry with the United States" is the explanation, Otálvora argues.

"There are many contradictions in [Chávez's] discourse -- being simultaneously an environmentalist and an oil-producer is a contradiction in itself."

Venezuela is the world's fifth-largest crude oil producer.

The fallout from the ethanol row may have even spread beyond Venezuela and Cuba.

Nicaragua's leftist president, Daniel Ortega, who was scheduled to visit Brazil in mid-March to discuss a bilateral ethanol deal, called off his trip at the last minute. The sudden suspension was officially attributed to a mechanical problem with the plane he was to use.

FUELING THE WORLD

Central America, the Caribbean and even Africa are all areas in which Chávez has achieved considerable influence through his oil diplomacy, and which Brazil and the United States are looking to sign up for their ethanol program.

Brazilian Foreign Minister Celso Amorim even proposed last week that Cuba join forces with his country in promoting the fuel. "We will be open to programs with Cuba that benefit African countries," Amorim said.

Chávez, however, has promised to take "the earliest opportunity" to convince his Brazilian counterpart of the error of his ways. If not before, he will have a chance to do so at the upcoming South American energy summit on the Venezuelan island of Margarita on April 16.

"I don't think there will be a split between 'brothers' Chávez and Lula," said Edgar Otálvora. "Unless Caracas demands unconditional loyalty and begins to attack Brazil."

So far, both Venezuela and Cuba have been careful to limit their criticism to the United States.