

# President and Lula make nice

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## SAO PAULO --

Under the shadow of rival Venezuelan President Hugo Chávez, President Bush today launched what he said was a historic partnership with Brazil to revolutionize the use of ethanol and other biofuels.

Bush's daylong visit here to kick off a weeklong tour of Latin America was overshadowed by his rivalry with Chávez, who spent the day in neighboring Argentina, before a massive protest scheduled to coincide with Bush's arrival tonight at his second stop, Montevideo, Uruguay, across the River Plate from Buenos Aires.

While Bush praised Brazilian President Luiz Inácio Lula da Silva for Brazil's leading the way in alternative-fuel technology, Chávez went on television in Argentina to denounce Bush's tour.

"I believe the chief objective of the Bush trip is to try to scrub clean the face of the empire in Latin America. But it's too late," Chávez said. "It seems he's just now discovered that poverty exists in the region."

Chávez met with Argentine President Néstor Kircher at the presidential palace in Buenos Aires, where the two signed accords before Chávez headed to the anti-Bush rally, scheduled for a soccer stadium.

Bush, speaking at an ethanol-distribution center outside sprawling Sao Paulo, said Brazil and the United States, the world's biggest ethanol producers, could build a global market for it.

His administration argues that increasing the use of alternative energy can help Americans reduce their dependence on oil imported from hostile nations such as Iran and Venezuela. He's called for reducing the use of fossil fuels by 20 percent within a decade.

"If you're dependent on oil from overseas, you have a national security issue," Bush said. "In other words, the dependence on energy from somewhere else means you're dependent on the decisions of somewhere else."

Later, he and Lula da Silva met at a hotel in one of Sao Paulo's wealthiest neighborhoods to discuss issues such as humanitarian aid to Africa, Brazilian leadership of the U.N. peacekeeping mission to Haiti and long-stalled World Trade Organization negotiations to reduce global trade barriers.

At a joint news conference, Lula da Silva said resolving the trade impasse would lift millions from poverty around the world and that both countries were committed to it.

Brazil and the United States have led opposite sides of the talks, which have halted over U.S. and European reluctance to reduce agricultural subsidies and developing nations' insistence on maintaining protective industrial tariffs.

"We should give [trade representatives] one single order: Come to an agreement as soon as possible," Lula da Silva said. "Because if Brazil and the United States come to an agreement, it's easier to convince those who are not participating."

Bush echoed Lula da Silva, although he warned that other countries might not follow their example.

Bush's appearances were his first public events in touring a region that many have accused him of neglecting since Sept. 11, 2001. He was to travel to Uruguay tonight. He'll also visit Colombia, Guatemala and Mexico.

At the news conference, he rejected accusations that he'd turned his back on Latin America and pointed out that U.S. aid to the region had jumped to \$1.6 billion.

"Relations between the governments is strong," he said. "There's not 100 percent agreement on the issues, but nonetheless the issues are brought to the table in a constructive manner."

Polls show Bush is unpopular among Latin Americans, and protests erupted around Brazil hours before he arrived Thursday night. More than 10,000 people marched down Sao Paulo's main boulevard and scuffled with police.

No major protests were reported today, although fresh graffiti reading "Get Out Bush the Murderer" and other slogans could be seen as Bush's motorcade made its way to the ethanol center.

Bush also met with U.S. consulate officials and visited a nonprofit group that offers music education and other aid to slum children.

But biofuels were at the top of today's agenda, and the two countries signed a memorandum of understanding on ethanol cooperation.

The document asks them to jointly research making ethanol from materials such as wood chips and switch grass, develop industrial biofuels standards and help Caribbean and Central American countries produce more ethanol. Bush and Lula da Silva will meet at Camp David on March 31 to continue discussions.

The Bush administration thinks the accord could help the United States produce enough ethanol from corn and other materials to meet the president's challenge of significantly cutting fossil fuel use and increasing ethanol consumption sevenfold over the next decade, State Department international energy coordinator Gregory Manuel said.

"When you look at all the technological advances going on in this country, we believe we can meet this goal with other feedstocks," Manuel said.

In Washington, Sen. Charles Grassley, R-Iowa, said he was pleased that Bush and Lula da Silva had reached only a narrow agreement, as broader cooperation might undercut U.S. ethanol producers.

Critics in Brazil agreed that the memorandum would have limited impact since it doesn't cut U.S. tariffs on foreign ethanol, which discourage Brazilian biofuel from entering the United States.

For Brazilians, that's the main issue, and Lula da Silva has asked the United States at least to reduce the protective tariff of 54 cents per gallon and 2.5 percent of the value of the imported ethanol. The Bush administration has been unwilling to discuss it.

Brazilian sugarcane-based ethanol is cheaper and more efficient to produce than corn-based ethanol made in the United States, Bush acknowledged Friday.

Even without the tariff cut, Lula da Silva championed the memorandum as "a strategic alliance that will let us convince the world we can change the energy blend."

However, Boston University Latin American expert David Scott Palmer called the agreement "window dressing." Bush's mission on this trip is strengthening ties to Latin America's biggest country and countering Chávez's growing influence, he said.

"Whatever the memorandum of understanding is, it's not likely to increase Brazilian ethanol imports to the United States," Scott Palmer said. "It's symbolic, and that's important, but I don't believe it'll lead to anything substantial other than to recognize the importance of Brazil."