

Bush visit to Brazil focuses on ethanol industry

World ethanol leaders Brazil and the United States will consider a deal that could make the biofuel a global commodity.

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SAO PAULO --A cooperation agreement between the United States and Brazil would be a historic opportunity for the world's two largest producers of ethanol to spur global use of the fuel.

But any agreement, expected to be the centerpiece of discussions here today between President Bush and Brazilian President Luiz Inácio Lula da Silva, may hinge on whether the United States drops a 54-cent-per-gallon tariff and a 2.5-percent charge imposed on imports of Brazilian ethanol.

"The most important thing, really the only thing, for us, is the tax," said Maurilio Biagi Filho, who owns an ethanol refinery in Sao Paulo state and is the president of a national biofuels commission. "We have the ability to supply all the ethanol that the United States needs, and I hope this visit is the first step to eliminating the tax."

The Bush administration has ruled out eliminating the tariff, which has discouraged Brazilian ethanol from entering the U.S. market. Some Brazilian ethanol gets in because of trade rules that let Brazil ship a limited amount through Central American and Caribbean countries.

OPTIMISM HIGH

Still, optimism is high that Bush and Lula da Silva will make strides toward setting standards that would make ethanol an international commodity, and developing aid programs that would encourage Central American and Caribbean countries to turn more of their sugar cane into ethanol.

U.S. ethanol boosters say an agreement with Brazil would help wean Americans off oil imported from hostile nations such as Iran and Venezuela. Bush has called for Americans to increase ethanol use sevenfold within the next decade.

"Clearly, this is an opportunity to lessen our dependence on fossil fuels from unpredictable, unstable and unfriendly parts of the world," said Brian Dean, executive director of the Miami-based Interamerican Ethanol Commission, which promotes regional ethanol production.

More important, however, would be establishing a global marketplace for ethanol, which would benefit both the United States and Brazil, who between them produce more than 70 percent of the world's ethanol.

ANTI-BUSH PROTESTS

Bush arrived Thursday night in Sao Paulo, the first stop of a seven-day Latin American tour that will also take him to Uruguay, Colombia, Guatemala and Mexico.

About 10,000 demonstrators, chanting anti-Bush slogans, blocked traffic along Sao Paulo's busy Paulista Avenue in the city's downtown before Bush's arrival and vandalized cars and business. News reports said 17 people were injured, including 16 police officers.

In Rio de Janeiro, protesters attacked the U.S. consulate, breaking windows and splattering the building with paint.

There were more peaceful protests in Belo Horizonte, Belem, Salvador, Porto Alegre and Recife.

None of the demonstrations were near Bush's hotel.

Bush is scheduled to tour an ethanol storage facility this morning, after which he and Lula da Silva are to make a joint statement on biofuel technology. He's scheduled to travel to Uruguay later today.

BIOFUEL NATION

For Brazilian ethanol producers, Bush's visit is a chance to show off a biofuels industry that many consider a global model.

The country produced 4.6 billion gallons of sugar-cane-based ethanol last year, almost all of it consumed in Brazil. With Brazilians snapping up cars that run on ethanol and gasoline, ethanol makes up 40 percent of all fuel used by vehicles here. The country became energy self-sufficient last year with the expansion of ethanol use.

Brazilian producers argue that the United States needs Brazilian ethanol if it's serious about reducing fossil-fuel use. Cutting the tariff on ethanol imports is crucial, they said.

Corn-based ethanol produced in the United States is about 25 percent more expensive per gallon than ethanol made from sugar cane, a cost difference that limits its effectiveness as a replacement fuel, experts say.

Additionally, the United States lacks both the farmland to produce significantly more ethanol and the proper climate to grow much sugar.