
15. Energy: the new cold war

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The boom of the world economy during the past several decades has demonstrated that economic growth is not a zero sum game. Robust economies abroad have led to increased opportunities on the home front provided that we utilize our competitive advantages and don't stick our head in the sand vis a vis protectionist policies.

There are many ingredients in this economic stew but one has assumed particular political salience: the availability of cheap and abundant energy. It is impossible to analyze the economy without thinking about energy. A climb in energy prices results in a ripple effect throughout the supply chain increasing end product prices. Moreover, as economic output increases so does energy consumption. Here lies the problem: heavy reliance on finite resources such as petroleum that are increasingly located in unstable and often unfriendly states. As the world's top oil consumer, the U.S. imports 60.3% of its fossil fuel needs. Without stating the obvious, having Saudi Arabia, Venezuela, Nigeria, Algeria, Angola and Russia as top suppliers is problematic.

In order to better understand this phenomenon, it is useful to note the emergence of two types of economies: net energy importers and exporters. Needless to say, net energy exporters have been endowed and emboldened with a great deal of power. Many of these states, e.g., Venezuela, have aggressively utilized this power for political ends by leveraging their natural resources in international affairs. The threat of supply disruptions has caused tensions to increase between importers and exporters. Consequently, energy dependence is a severe threat to the U.S. as we consume significantly more than we produce.

Florida is particularly prone to this problem because of its economic dependence on tourism and trade, which is compounded by its heavy reliance on automobiles. The state economy would be in shambles if it were to suffer a supply disruption and visitors weren't able to get to Disneyworld or businessmen and cargo to their destinations.

The solution to our energy woes is simple: a multi-pronged approach, which involves increased efficiency and the use of alternative energies such as biofuels. The difficulty lies in whether we have the political will to implement it. Execution will not be easy due to special interests and resistance to change. A glimmer of hope exists, however, because of greed: the development of energy efficient processes, technology and alternatives presents an economic opportunity. What better way to achieve energy independence than to co-opt the interests opposing it?

Governor Crist has taken a forward thinking policy stance that will position Florida at the forefront of this great opportunity. He recently signed three executive orders to reduce greenhouse emissions, increase the usage of renewable energies such as biofuels and change the state building code to improve energy efficiency. These efforts are on top of the great work that former Governor Bush did but they are only a starting point. Each county and city as well as the private sector must also take action to ensure the state has a viable energy policy that meets the needs of both its citizens and businesses. In short, a permanent public-private partnership on energy is vital to the well being of Florida.

Unfortunately, U.S. transport fuel consumption is so great that it is unlikely that we'll ever be able to achieve complete energy independence. Fortunately, our neighbors in Latin America have plenty of arable land, which is ideal for growing energy crops. In fact, many experts predict that Latin America will become the Saudi Arabia of biofuels. As a nexus of international trade, Florida, and in particular Miami, is well positioned to reap the benefits as the "Gateway to the Americas," providing professional services to commerce within the Americas as well as between this Hemisphere and other regions. For example, the Inter-American Development Bank recently announced two projects: a \$120 million package of financing for a biofuels refinery in Brazil and a \$20 million fund for renewable energy-related projects in Latin America and the Caribbean. These announcements are surely the tip of an iceberg of investments that will be channeled through the local economy. Moreover, Florida will be able to take advantage of lower transportation costs of biofuel imports for local consumption.

In the 21st century, green gets green. The United States and Florida would do well to capitalize on this grand opportunity.