

Allies in imposing misery and reaction

## Bush and Lula meet to discuss biofuel deal

**Hector Benoit in São Paulo**  
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US President George W. Bush is scheduled to arrive in Brazil tonight and to meet with Brazil's President Luis Ignacio Lula da Silva on the morning of March 9, when the two will visit the Transpetro terminal in Guarulhos, a town outside of the industrial and financial center of São Paulo.

This bit of presidential tourism is no accident. Transpetro is the largest shipping company in Latin America and Brazil's main logistical organizer in the transport of fuel, a central theme of the agenda set by Bush and Lula for this visit. A subsidiary of Petrobrás, Brazil's national oil company, Transpetro handles the transport and storage of petroleum and its derivatives as well as of alcohol and natural gas, operating a fleet of 51 ships, a network consisting of 10,000 kilometers of pipeline and 44 land and water terminals.

Bush's visit to Brazil, which will be reciprocated with a trip by Lula to Camp David at the end of the month, is expected to put the seal on a plan for a gigantic expansion in the world production of ethanol fuel, based on sugarcane, a technology that is clearly dominated by Brazil. Bush's visit, thus, could be the beginning of a true revolution in the production of renewable biofuel. Biofuel production has been developing for some time in a number of countries, utilizing wood, animal fat, soybeans, corn and other raw materials.

The strategy of producing biofuel has become transformed into a necessity in the face of limited reserves of petroleum remaining in various areas of the world. Some of the more pessimistic experts in the field believe that these reserves, given a continuation of present levels of consumption, will last only for several more decades. Beyond these natural limits of supply, there are also geopolitical issues, with the largest remaining petroleum reserves concentrated in countries—Venezuela, Iraq and Iran—that have presented serious problems for the US, the world's largest energy consumer.

In the US itself, alternatives in the area of biofuel have

been in development for some time. In Iowa, a Midwestern American state, biofuel is produced from corn. According to some estimates, production has already added some \$8 billion to the local economy, and close to 30 new ethanol plants should begin operations within the next 12 months. But all of this amounts to very little compared to the plans that Bush and Lula are supposed to be discussing this week.

The project sees the transformation of ethanol into a fuel that will become an international commodity, that is, a raw material traded on a large scale on the world market. Obviously, broad layers of big international capital are involved in this process. Bush and Lula are meeting less as heads of their respective states than two trusted instruments of international capital and the major transnational corporations.

Among the big global players in this development is Vinod Khosla, the Indian-American venture capitalist, who was a co-founder of Sun Microsystems. Today, Khosla has come forward as one of the main advocates of biofuel production on a global scale, and has invested heavily in the industry. If a deal is reached and implemented between the US and Brazil, he stands to make an enormous profit. According to Khosla, "American technology, visibility, the adoption of ethanol standards and financial resources are going to help Brazil with a commodity that is going to generate more than \$1 trillion in the next 25 to 30 years."

Also involved in this process is the businessman and ex-minister of agriculture in the Lula government, Roberto Rodrigues. Putting on airs of a theoretician and philosopher, Rodrigues declared, "While the past century was marked by food security, bioenergy will be the paradigm of development of this century."

In reality, however, the question is not so simple. According to specialists just the opposite may be the case: the great drive by capital toward bioenergy production may vastly deepen the still unresolved problems of food

security.

The “philosophy” of the businessman Roberto Rodrigues may be better understood when we recall that in addition to being a big farmer and in addition to being Lula’s former agricultural minister, *Senhor* Rodrigues is also a co-chair of a group known as the Interamerican Ethanol Commission, whose objective is to utilize private investment, together with public resources, to further the production and trade of renewable energy worldwide. Interestingly, one of the founders of this hemispheric commission, and Rodrigues’s co-chair, is, coincidentally, former Florida Governor Jeb Bush, who is also—another incredible coincidence—the brother of US President George W. Bush. As can be seen, doing good business in biofuel is a matter of mixing—without any great scruples—both state and family interests.

The development of biofuel production is presented by both the businessmen and the politicians involved as the grand solution to profound ecological problems posed by the continued polluting consumption of petroleum. However, as the specialists also warn, the millions upon millions of acres that will be dedicated to the production of biofuel will devastate rural areas, aggravating even more the ecological destruction of the planet.

In addition, as we already indicated above, the massive production of biofuel will increase the cost of food products and deepen hunger and misery on the planet. In the case of Brazil alone, it is estimated that more than 20 million hectares of land will be used to plant sugarcane destined for ethanol production. This will inevitably affect the price of corn, soybeans and other foodstuffs, whose producers will face scarcer areas for cultivation and higher costs. It will likewise raise the cost of feed grain, provoking further increases in the price of meat.

In fact, this phenomenon is already occurring in the US, where ethanol is produced from corn, causing animal feed prices to rise as well as the cost of corn sold for human consumption. Corn prices have nearly doubled thanks to ethanol demand, reaching over \$4 a bushel.

The rise in international corn prices recently sparked mass protests in Mexico, where the price of tortillas, the traditional staple, particularly for the poor, has tripled and even quadrupled in parts of the country. There is a general consensus that the rising demand for ethanol is responsible for the Mexican tortilla crisis and the social unrest it has produced. The price of ketchup, which is made with high-fructose corn syrup, has also been affected, leading to research on whether a new “post bioenergy” model of ketchup could be produced using

sugarcane-based syrup.

Thus, the big plan that Bush and Lula are discussing this week based on transforming ethanol into a world commodity will have terrible consequences, raising the price of food for working people around the globe and inflicting as yet uncalculated further damage on the environment.

To get an idea of the dimensions of this plan, if a deal is made, Brazil alone will build on average one new ethanol plant a month for the next six years. According to the newspaper *Estado de São Paulo*, there are 336 existing plants, a number that would rise to 409 between 2012 and 2013. Thanks to Brazilian technology in the production of ethanol—which includes as a decisive component the super-exploitation of rural workers—Brazil produces a barrel of ethanol for \$25, while in the US the cost of production per barrel is \$55. Another important consideration: Brazil produces 6,000 liters of ethanol from one hectare of land, while in the US a hectare produces just 3,500 liters.

As can be seen, the Bush-Lula alliance for the progress of sugarcane-based ethanol promises huge profits for big international capital, but also, certainly, greater misery for working people, more environmental damage, more exploitation of cheap labor power, in short, a considerable advance in the destruction of our poor planet.

Coincidentally, while waiting for the visit of his American colleague, Lula declared this week, to the surprise even of his “comrades” in the Workers Party, that a government of ex-trade unionists, like his, has full authority to establish limits on abusive strikes, above all in essential sectors. Now, in all probability, the production of biofuel will be considered one of these “essential sectors” by both the Lula and Bush governments, loyal allies in promoting the interests of capitalism at the expense of worldwide misery and barbarism.

In this sense, it should be pointed out that even the Brazilian occupation troops in Haiti appear to be part of the Lula-Bush plan. There are rumors that Brazil could spearhead the creation of bioenergy plants based on sugarcane in that impoverished country. Whether it is for sugarcane or for oil, whether in Iraq or in Haiti, the anarchic and destructive means utilized by capitalism are the same.



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