

Fourth Annual Western Hemisphere Energy Security and Cooperation Forum
September 9, 2008 - Washington, DC
*Organized by: Institute of the Americas (IOA), International Biofuels Commission (IBC) and
the Inter-American Development Bank (IDB)*

Brief Synopsis

Over 150 representatives from a host of countries, organizations, agencies and academic institutions gathered on September 9, 2008, at the Inter-American Development Bank Headquarters in Washington, D.C. to discuss an issue at the forefront of the world today: Energy security. Specifically, this group of leaders that counted United States Congressmen, senior diplomats, energy analysts, investors and other opinion leaders convened to debate Energy Security in the Western Hemisphere, the key challenges, and how to find common ground and work together.

Those present came to a general consensus that the current energy consumption and production paradigm across the hemisphere is unsustainable. Opinions diverged, however, with regards to how to address this fundamental challenge – some speakers focused on diversification of supply with an emphasis on renewable energy; others on the critical need to reduce consumption and improve energy efficiency; while many were keen on the role and potential for biofuels. Given such an array of options for redressing the problem, the question of how best to bring the nations of the hemisphere together and foster cooperation was not easily answered by the distinguished group of speakers and panelists. Senator Richard Lugar ably set forth his proposed solution, the “Western Hemisphere Energy Compact,” which is legislation that seeks to expand the United States’ diplomatic engagement with governments in the Western Hemisphere (especially Brazil) to promote energy security and address the threat of climate change.

Moreover, and despite the fact that three of the most important suppliers of oil to the U.S. are in the Western Hemisphere, gauging from the discussions and opinions presented, an important disconnect remains as to how best to deal with the interconnection of two key issues: The economic aspirations of countries across the Western Hemisphere and oil production in the region. Indeed, as one panelist was eager to emphasize: The stability of the region is largely tied to energy.

Not surprisingly, the role for biofuels in the hemisphere’s energy matrix figured prominently in the discussions. Several speakers throughout the day reiterated the appeal made during the Opening Keynote Address by Senator Richard Lugar of Indiana in which he called for the removal of the United States’ current 54 cent tariff on ethanol. Without question, there are ambitious plans for the increased development of biofuels across the hemisphere and several speakers stressed the fact that the Western Hemisphere is an optimal place for development but in need of technological and market advances to fully tap the potential of the resource. For example, through the well-chronicled partnership between Brazil and the United States, countries in Central America and the Caribbean are experimenting with different technologies and investing in biofuel pilot projects. These projects aim to increase domestic energy supplies and thus reduce the energy import bill, a critical issue for many countries in the hemisphere. According to the IDB, increased development of biofuels will also see a boost for a typically depressed economic area: the rural sector.

The significant issues facing biofuel development did not go unnoticed. Indeed, perhaps the most critical aspect pertaining to the discussion of the role for biofuels is the food

versus fuel debate. Concerned with the increasingly contentious conflicts of food versus energy and also some of the environmental and social challenges of increased agricultural development, the IDB has developed a score card for sustainable biofuel projects. The IDB's Biofuel Sustainability Scorecard uses 23 categories to ensure the sustainability and help predict the success of specific biofuel projects. In sum, the scorecard aims to improve project evaluation and avoid those that may substitute food, overly impact forested areas, or not adhere to international labor standards.

The focus and important role for the topic of energy and energy security in the upcoming presidential election in the United States was also an important part of the day's discussions. Representatives from each campaign did their best to outline their respective energy visions; there seemed to be significant common ground on energy issues, especially in terms of the urgency of dealing with carbon trading and increased renewable development. The most important distinctions emerged vis a vis the emphasis on drilling and potential for nuclear energy by the McCain campaign while the Obama campaign argued for a move beyond oil with an emphasis on increased efficiency and diversification based on renewable energy technologies. Earlier in the program, Senator Bill Nelson of Florida had artfully distilled the two parties' competing notions on energy security into: "Drill baby drill" for the Republicans and "Invent baby invent" for the Democrats.

Unfortunately there was little discussion in terms of how to achieve more investments in the region, blaming the usual suspects: resource nationalism, weakness of institutions, challenging contract terms, legal insecurity. This was particularly acute during a wide ranging discussion of national oil companies (NOC's) and how they fit into the broader energy security debate. While NOC's will undoubtedly continue to play an important role for the hemisphere's energy balance and particularly on the production side of the equation, decreasing production and increasing inefficiencies at some of the region's most important NOC's may continue to negatively impact the energy security equation in the near term.

Throughout the course of the day, all the panelists and representatives agreed that it is integral for countries in the region to work cooperatively to develop an energy infrastructure that will improve the hemisphere's self-sufficiency in energy. However, most consented that such an effort is a difficult task and perhaps one that can only be accomplished with serious conservation efforts and significant development of clean energy and renewable energy technology; wind, solar, hydroelectric and nuclear energy technology initiatives were spoken of and advocated for by many of the panelists.

At the end of the day, it remained clear though, that one type of energy initiative will not provide a solution. Not surprisingly, there is no silver bullet for dramatically improving hemispheric energy security. Instead, and as noted above, there are myriad possible solutions. Regardless, there must continue to be increased cooperation across the countries of the hemisphere and across the diverse group of actors in terms of energy initiatives, policies, knowledge sharing, and investment in new technologies. Thus those in attendance were seemingly left to grapple with a two-part question: How can the region achieve sustainable economic growth and what role should the energy sector play?