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FEATURED Q&A

Can Central America, Caribbean Break Free From Fossil Fuels?

Q Energy ministers from Central America and the Caribbean gathered last month in Miami to discuss renewable energy. An outcome of the U.S.-Brazil Bilateral Memorandum of Understanding to Advance Cooperation on Biofuels, the meeting's goals included the promotion of programs and policies that advance the development of clean energy. What renewable energy programs and policies used in Brazil and the United States stand the best chances for success in being applied to Central America and the Caribbean? Which governments, companies and technologies are leading the renewable energy field in Central America and the Caribbean? What needs to happen in order for region to break their long-standing dependence on imported fossil fuels?

A Kirk Haney, CEO of SG Biofuels in Encinitas, Calif.: "It is clear that energy—and access to it at a low cost—are key economic drivers for economies globally. Central America and the Caribbean are no different. The region has many similarities to the United States and Brazil with a very robust agricultural industry that can be applied to the development of renewable energy, specifically biofuels. In addition, the region has a vast untapped labor market that could be given incentives to plant biofuel feedstocks. However, we do not want to make the same mistakes that other coun-

tries have made in promoting biofuels by diverting food to fuel or creating financial incentives to adversely impact the environment. Government incentives (subsidies and tax policy) and mandates have been used successfully in the United States and Brazil and could be implemented in the region to promote biofuel production. Specifically, the planting of nonfood energy crops such as jatropha for biodiesel and forestry for cellulosic ethanol could lead the region to energy independence and economic development in remote areas

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Colombian Military Kills Number Two FARC Commander

A military raid on a jungle camp killed "Mono Jojoy," the second-highest ranking commander of the Revolutionary Armed Forces of Colombia, the government said Thursday. See story on page 2.

File Photo: Colombian Army.

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NEWS BRIEFS

Chávez Supporters, Opponents Rally Ahead of Legislative Vote

Backers and critics of Venezuelan President Hugo Chávez staged some of their final rallies Thursday ahead of Sunday's legislative elections. Voters will elect 165 members of the National Assembly, which is almost completely comprised of Chávez supporters after the president's critics boycotted the last legislative vote in 2005. At a rally in Barquisimeto, Chávez blasted his opponents as "the Yankee empire's candidates," the Associated Press reported.

Petrobras Sets Terms for World's Largest Share Offering

Brazilian state oil company **Petrobras** set the terms for the world's largest share offer Thursday, with demand reaching \$140 billion, Dow Jones reported Thursday, citing an unnamed market participant with knowledge of the deal. The person added that demand from existing investors was \$100 billion of new shares, while new investors sought \$42 billion. Petrobras will sell an unknown number of common shares with voting rights at 29.65 Brazilian reais a share and an undisclosed number of preferred shares at 26.30 reais a share.

Chile to Boost Financial Consumer Protections

Chile's Association of Banks and Financial Institutions will enact new consumer protection measures as part of President Sebastián Piñera's Bicentennial Market Reform plan, Finance Minister Felipe Larraín said Wednesday, Dow Jones reported. The new regulations intend to create more transparency, stimulate lending and end several banking practices, such as obliging clients to obtain other financial products when applying for a mortgage loan.

Political News**Colombian Military Kills Number Two Rebel Commander in Raid**

The second-highest ranking leader of the Revolutionary Armed Forces of Colombia, or FARC, has been killed during a military raid, Colombia's government said Thursday. Victor Julio Suárez Rojas, also known as Jorge Briceño and Mono Jojoy, was the FARC's military chief and his death represents a major blow to the rebel group, said government officials and analysts. "The symbol of terrorism in Colombia has fallen," President Juan Manuel Santos told reporters Thursday in New York, where he was attending the United Nations General Assembly, Reuters reported. "To the rest of the FARC, we are coming after you, we are not going to let down our guard." The



Santos

Photo: Colombian Government.

raid that killed Suárez, 57, involved at least 30 warplanes and 27 helicopters, said Santos, the Associated Press reported. He added that at least 20 other rebels were also killed during the operation, which started Monday and ended Wednesday with ground combat. Military aircraft dropped more than 50 bombs on the jungle camp, Air Force Gen. Julio González told the AP. But the operation succeeded mainly because of intelligence, said Defense Minister Rodrigo Rivera. That included "the collaboration of the FARC itself," said Rivera. "The FARC is rotting inside." The site of the raid was "the mother of all FARC camps," Rivera added. He said the 300 yard-long camp has tunnels and a concrete bunker where Suárez "took refuge." Five troops were injured in the raid, but the only death on the side of Colombia's military was that of a bomb-sniffing dog, Rivera added. Suárez was a member of the FARC's seven-member secretariat and had spent three decades with the rebel group. Suárez was out-ranked only by the FARC's top leader, Alfonso Cano, whom Colombia's army says it is close to capturing, Reuters reported.

Featured Q&A

Continued from page 1

that are in desperate need. Furthermore, a robust framework for promoting and protecting investment—including intellectual property—must be implemented, as it will likely require foreign direct investment to bring the technology and infrastructure to the region."

A José Goldemberg, physics professor at the University of São Paulo and former environment minister of São Paulo state: "There is only one realistic response to the questions posed: divert some of the sugar cane used presently to produce sugar to the production of ethanol. This is what Brazil did in the 1970s to reduce its oil import bill. Today, sugar cane ethanol uses half of the sugar cane produced from approximately 8 million hectares to produce 27 billion

liters of ethanol per year. Currently, ethanol has replaced half of Brazil's gasoline needs and the automobile industry has brought the country flex-fuel motors, which can use any mixture of gasoline and alcohol. Many of the Central American and Caribbean countries grow sugar cane for sugar production and could adopt the model Brazil used in the 1970s. Companies that produce all the necessary equipment include Brazil's Dedini, which manufactured most of the country's ethanol/sugar distilleries, and today number more than 400. Other renewable energy programs such as wind energy and photovoltaics are possible in the region but they are not yet competitive. In contrast, the production cost of ethanol is fully competitive (without any subsidies) with gasoline prices in the international market."

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Senior Nicaraguan Diplomat Murdered in New York

A top Nicaraguan diplomat who had been performing the duties of Nicaragua's consul general in New York was found murdered there Thursday morning. The body

of Cesar Mercado, 34, was discovered just inside the entrance to his apartment in the Bronx by his driver who was to pick him up, *The New York Times* reported, citing New York Police Department spokesman Paul J. Browne. Mercado's throat had been slashed. Detectives discovered a knife near Mercado's body, and

are investigating the motive for the murder, said Browne, adding that Mercado's apartment was not ransacked. The killing happened as world leaders gathered in New York for the United Nations General Assembly. It was not clear Thursday what Mercado's schedule for the day was to have been.

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Crime Wars: Gangs, Cartels and U.S. National Security

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Robert Killebrew

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Crystal Room
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Please include your name and affiliation.

Company News

Spain's Endesa to Invest \$837 Million on Hydropower Plant in Colombia

Spanish utility company **Endesa** is planning to invest \$837 million on the construction of a new hydroelectric plant in Colombia, EFE reported Thursday. The project would be the company's largest in three years. Endesa subsidiary **Emgesa** would build the 400 megawatt El Quimbo power station in southwestern Huila

*El Quimbo will be constructed in
southwestern Huila province.*

province, Endesa said Thursday. The new facility and another Endesa plant, Betania, which is located in the same province will give the Spanish company 20.1 percent of installed capacity. The two stations will provide approximately 8 percent of the country's electricity needs. It will take four years to build the plant, which will be powered by the Magdalena River. El Quimbo will be Endesa's largest hydropower plant in Latin America since the 2004 building of the Ralco facility in Chile, said the company, adding that El Quimbo will increase the stability of Colombia's electrical system and also provide the country greater energy security. Emgesa also will undertake an environmental plan to restore 43 square miles of dry forest and ensure that 450 families forced to move because of the project "will have a quality of life that is equal to or better than what they had before the move."

Featured Q&A*Continued from page 2*

A **Arnaldo Vieira de Carvalho, senior energy specialist at the Inter-American Development Bank:** "The Brazilian ethanol program clearly stands the best chance for success in being applied to Central America and the Caribbean, given its well-known results providing for the displacement of more than half of all gasoline consumed in Brazil in a socially, environmentally and economically sustainable way. That provides excellent synergy with the existing experience in Central America and the Caribbean with sugar cane growing. Some of the countries in Central America and the Caribbean are achieving even higher productivity on sugar cane plantations than is Brazil and, as a result, are large sugar exporters, second only to Brazil in the region. Also, Central America and the Caribbean already have relevant experience with other sugar cane products: as much as 13.3 percent of all electricity generated in Guatemala and 7.4 percent in Nicaragua in 2009 came from sugar mills using sugar cane bagasse as fuel for power generation, with room for much more in the future. With respect to renewable energy sources for electric power generation, Central America is moving toward one of the cleanest energy matrixes in the world, with the following power generation mix in 2009: hydroelectricity (47.5 percent), oil products (37.3 percent), geothermal (7.9 percent), sugar cane bagasse (4.4 percent), coal (1.8 percent) and wind

power (1.1 percent), with 60.9 percent renewable-based. By country, the renewables share is the following: Costa Rica (95.1 percent), Panama (57.3 percent), El Salvador (57.1 percent), Guatemala (53.2 percent), Honduras (45.7 percent) and Nicaragua (26.5 percent). Also, energy

“Central America is moving toward one of the cleanest energy matrixes in the world.”

— *Arnaldo Vieira de Carvalho*

efficiency should not be overlooked. Latin America and the Caribbean as a whole could reduce electricity consumption by 10 percent over the next decade by investing in widely available technologies. This demand reduction would save as much as \$36 billion in new energy capacity that the region would otherwise have to build."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

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