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Fuel choice

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Winston Churchill once wrote "safety and certainty in oil lies in variety and variety alone." The gasoline crisis after Hurricane Katrina vividly demonstrated the U.S. transportation energy sector's major structural flaw: lack of variety.

With 96 percent of our transportation energy petroleum-based, every time our oil supply is severed or a refinery goes off-line, there is nothing to stop gasoline, diesel and jet fuel prices from going through the ceiling. For a country that offers choice in every aspect of our life, the absence at the pump of anything to fuel our cars other than petroleum speaks volumes about how deeply dependent the nation depends on one energy source: oil.

For decades, advocates of energy independence have called for Detroit to produce fuel-efficient vehicles so less gasoline is used. For various political and economic reasons, this approach has failed. There are, however, ways for the U.S. to insulate its economy from future supply shocks without forcing Detroit to "reinvent the wheel" -- or obliging the country to adopt costly infrastructure changes.

If we want to insulate ourselves better from oil supply disruptions -- which have thus far precipitated every recession since World War II -- we should seek simpler and faster ways to introduce variety in the types of fuel the transportation sector can utilize.

One such way is clear: Since 1996, America's auto manufacturers have produced and sold roughly 4 million flexible fuel vehicles (FFV) designed to burn gasoline, alcohol (ethanol and methanol) or any mixture of the two. Yet, outside the Midwest -- where ethanol is widely available -- many people who drive FFVs are not even aware of their cars' ability to use something other than gasoline. For an auto manufacturer adding fuel flexibility to a new vehicle costs as little as \$150 per car, less than the price of a CD player. All it takes is a different fuel sensor and corrosion-resistant fuel line.

Were every new car sold in the U.S. a flexible fuel vehicle, within a decade half of our fleet could run on fuels other than gasoline. This doesn't mean drivers would have to utilize those other fuels if oil prices declined. But if oil prices continue soaring, as many predict, blending increasingly higher ratios of alcohol would be our best option when supply falters.

The model of a fuel choice economy already exists in Brazil, a nation with vast sugar cane resources and, therefore, the capacity to produce ethanol efficiently and inexpensively. Since the 1973 oil embargo, Brazil has built an impressive fleet of FFVs. By 2008, almost all new cars sold in Brazil will be flexible fuel vehicles. Even now, most Brazilian cars use at least 25 percent ethanol and many as much as 100 percent ethanol.

Bringing hydrocarbons and carbohydrates to coexist in the same fuel tank has insulated the Brazilian economy from the harmful effect of the current spike in oil prices.

Unfortunately, the American corn-based ethanol market is too small to supply the entire nation's fleet with such high blends. Matters are worsened by a congressionally imposed stiff tariff of 54 cents per gallon on imported ethanol to protect domestic corn growers, sugar producers and ethanol refiners. During a war and energy emergency, we must open the ethanol market to foreign imports and remove the tariff.

Brazil, the Saudi Arabia of sugar, already exports a half-billion gallons of ethanol a year. It could supply the United States upon request with relatively cheap ethanol. In addition, the economies of our Caribbean neighbors -- all low-cost sugar producers -- and our own would benefit if we encouraged them to turn their sugar into ethanol.

The answer to our energy woes is manifestly not increased reliance on the Saudis and other members

of the Organization of Petroleum Exporting Countries. Rather, it is to diversify our sources of transportation fuels. In addition to relying on neighbors for help with manufacturing ethanol, we have the capacity to produce large quantities of methanol here at home from coal, agricultural waste and natural gas and to make diesel fuel from coal, agricultural and animal waste products. For that matter, electricity, which unlike 30 years ago the U.S. essentially no longer generates from petroleum, can also be made an important and cost-effective transportation fuel. Expanding our fuel choice to include such fuels will help protect our economy and security the next time Mother Nature or terrorists strike.

While the recently passed energy bill did little to encourage ramping up production of such alternative fuels or the vehicles that can utilize them, the current crisis gives Congress both an opportunity and an obligation to act. Now is the time to introduce simple, yet effective, policy solutions offering fuel choice at relatively low cost.

A new Oil and National Security Caucus will be inaugurated next week in the House to advance such initiatives. Taking such steps now -- for starters, by making flexible fuel designs an industry standard, just like seatbelts and airbags -- we can provide the American people with a valuable insurance policy to deal with oil shocks certain to occur in our future.

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