

Jamaica Still Exploiting CBI Biofuels Incentives

The Government is steadfast in its thrust to develop the local biofuels industry, producing ethanol from local feedstock and boosting exports of this highly valued fuel, under the Caribbean Basin Initiative (CBI).

Minister of Energy and Mining, Hon. James Robertson, says that it is toward this end that Jamaica last year accepted an invitation to join the Memorandum of Understanding (MoU) between the United States of America (USA) and Brazil, for increased cooperation on biofuels. The island is among the newest partners in this US/Brazil biofuels collaboration. Others include Guatemala, Honduras, Guinea-Bissau and Senegal. Under the MoU, all work to develop their biofuels industry and reduce dependence on imported fuels. Ethanol is an alternative to gasoline touted as producing lower greenhouse gas emissions. Its increased use is expected to play a key role in reducing the contribution of carbon monoxide, from motor vehicles, to global climate change. The CBI is a trade agreement between the USA and Caribbean and Central American countries. It was originally launched in 1983, under the Caribbean Basin Economic Recovery Act (CBERA), and was significantly expanded in 2000, under the US-Caribbean Basin Trade Partnership Act (CBTPA). The agreement grants participating countries duty-free access for some products to the US market, and exempts them from the 54 cents per US gallon tariff on ethanol. Eighteen Caribbean countries benefit from the CBI: Jamaica, Barbados, Belize, Guyana, Haiti, Panama, St. Lucia, Antigua and Barbuda, Aruba, the Bahamas, British Virgin Islands, Dominica, Grenada, Monseratt, the Netherlands Antilles, St. Vincent and the Grenadines, St. Kitts and Nevis, and Trinidad and Tobago. Jamaica is among a group of only eight countries that benefit from the CBTPA, however. The being: Barbados, Belize, Guyana, Haiti, Panama, St. Lucia and Trinidad and Tobago. Mr. Robertson said that in 2007, Jamaica exported 80 million gallons of ethanol to the US, and 110 million in 2008. However, he said, the CBI countries only met 71 per cent of the total 2008 quota of 452 million gallons. They have never reached the capacity of the CBI ethanol quota, partly due to insufficient capacity, but production has been increasing over the past few years. Between January and July 2009, Jamaica exported some 51 million gallons of ethanol to the USA. This represents just 15 per cent of the 2009 quota and, according to Mr. Robertson, is an indication that less than half of the quota for the year will be met. However, Jamaica earns some \$140 million annually from ethanol exports to the US and has, what the Minister says is, "an excellent relationship with other ethanol exporting countries". Jamaica, El Salvador, Costa Rica, Trinidad and Tobago and the US Virgin Islands are the only countries that have exported ethanol under the CBI. According to a March 2008 Congressional Research Service report, Jamaica and Costa Rica were the two largest exporters of fuel ethanol to the United States between 1999 and 2003. Jamaica has been steadily ramping up its programme for renewable energy sources, with E10-fuel diversification emerging as one of the major successes of that thrust.

Launched in November 2008, the E-10 programme was fully rolled out across the island just last month, as demand grew for the blend of 10 per cent ethanol from sugar cane and 90 per cent 87 octane gasoline. By December 2008, the demand for the E10 ethanol blended gasoline had spiraled past the projected 3,000 barrels, to 8,000 barrels per week.

Meanwhile, negotiations to establish a Liquefied Natural Gas (LNG) sector has advanced, as the Government, led by the Energy Ministry, seeks out cheaper and varied energy sources. LNG has much lower air emissions than other fossil fuels, such as oil or coal.