

# Fuel to the fire? Fuel exports soar under Obama

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In this Thursday, Sept. 18, 2014 photo, an automobile emissions test facility stands empty while waiting for customers in Panama City. The energy-efficiency push is all but absent in Panama, where gasoline sells for about \$1 a gallon. The country has the lowest fuel taxes in Central America. It has no refineries, so it imports all fuel but charges no tariffs on it. The government discounts the price because the fuel is dirtier than what foreign refiners charge for cleaner blends of U.S. gasoline. It requires a blend with 5 percent sugarcane ethanol and has tree-planting programs to counter deforestation. Among the things they are not enforcing are tailpipe tests aimed at making sure cars are running efficiently and releasing the least amount of pollution. The workers and owners said no one comes for the \$16 test. (AP Photo/Arnulfo Franco)

Solar panels glisten from every thatched hut on this crowded island, one of the largest in this remote chain off the Panamanian coast. But the tiny emblems of green energy offer no hope against climate change.

They have helped the island's Guna people reduce what was already a minuscule carbon footprint. The Guna cook with clean-burning gas. They use a small amount of diesel fuel to power fishing boats and a generator that lights bare bulbs dangling above dirt floors after sunset. They own one of the most pristine stretches of tropical rainforest in Panama, cleansing the atmosphere of carbon dioxide naturally.

But larger forces threaten to uproot them, stemming from the failure by the rest of the world to rein in carbon emissions.

Pollution linked to global warming keep rising even though the world's two largest carbon polluters have pledged to combat climate change, with the U.S. committing to deeper cuts and China saying its emissions will stop growing by 2030.

It's a dangerous trajectory the U.S. is stoking with record exports of dirty fuels, even as it reduces the pollution responsible for global warming at home.

The carbon embedded in those exports helps the U.S. meet its political goals by taking it off its pollution balance sheet. But it doesn't necessarily help the planet.

That's because the U.S. is sending more dirty fuel than ever to other parts of the world, where efforts to address the resulting pollution are just getting underway, if advancing at all. While the exported fuel has gotten cleaner, in the case of diesel, about 20 percent of the exports are

too dirty to burn here.

For the Guna, as carbon rises, so will the seas that imperil them. Several communities have plans to relocate to the mainland, fleeing severe floods and storms that have drowned some islands and divided others in half.

"We conserve. Others consume," said Guillermo Archibold, an agronomist and former delegate to the Guna tribal congress.

Under President Barack Obama, the U.S. has reduced more carbon pollution from energy than any other nation, about 475 million tons between 2008 and 2013, according to U.S. Energy Department data.

Less than one-fifth of that amount came from burning less gasoline and diesel, primarily in vehicles. But an Associated Press analysis of the data shows that U.S. exports of gasoline and diesel more than made up for the savings at home in pollution abroad, releasing roughly more than 1 billion tons of carbon pollution into the atmosphere elsewhere during the same period.

"It's a false image," said Onel Masardule of the Indigenous People's Biocultural Climate Change Assessment Initiative, a Peru-based environmental group that recently studied the Guna and climate change. "In reality, the U.S. is still contaminating."

Among the recipients is Panama, where imports of diesel and gasoline from the U.S. have nearly quadrupled since 2008.

Panama is the largest recipient of diesel fuel that is dirtier and more carbon-laden than would be allowed in engines in the U.S., but the fuel ends up in cars and trucks that don't have the same efficiency standards and are not regularly inspected and maintained, an AP investigation has

found. Panama's requirement that drivers test emissions, including for carbon dioxide, are almost completely ignored.

This fossil fuel trade has soared under Obama as he has overseen a domestic boom in oil and natural gas production and ordered the biggest increases in fuel economy in history.

In 2010, the U.S. still imported more products refined from oil than it exported. A year later, it was a bigger exporter than importer, the first time that happened since 1949. In 2012, these products were the single largest U.S. export, worth \$117 billion, according to U.S. Commerce Department figures.

The boom has helped the U.S. reduce oil imports and create jobs in oil fields and ports. Without it, the Obama administration would be much further from a goal to double U.S. exports. The trade deficit would be wider.

But for global warming, it means that, at the very least, the U.S. is making a smaller dent than it claims on global warming.

In the case of gasoline and diesel, the U.S. is exporting far more abroad than it has reduced in domestic consumption in recent years through steps such as efficiency standards and blending gasoline with ethanol.

"This is their hidden success story that they would like to keep hidden," said Kevin Book, a Washington, D.C.-based energy analyst. Since 2012, he has been a member of the National Petroleum Council, an advisory group selected by the U.S. energy secretary.

"It has done a lot to improve our balance of trade standing, but it is not the most climate friendly way to do it. There is no way to avoid that there is a bigger emissions impact when you have more to combust,"

Book said.

There is no clear accounting of what America's growth as a fossil-fuel powerhouse is doing to the global warming picture. The administration has chosen not to get to the bottom of that.

U.S. projects that increase energy exports could be considered in such an analysis, such as huge terminals planned for the West Coast to send more coal abroad for power plants. Trade agreements could factor in the implications of energy trade on global warming. But not one trade pact negotiated by the Obama White House mentions global warming.

"They have the responsibility of analyzing America's exports on fossil fuel demand and consumption and climate," said Lorne Stockman of Oil Change International, an advocacy group dedicated to moving away from fossil fuels. "There has to be a holistic analysis of what those exports are and what role they are going to play in keeping the world within the climate limits."

The White House said it is working to strengthen environmental provisions in trade agreements and lower tariffs on technologies that ultimately will reduce emissions abroad.

The chief U.S. climate negotiator, Todd Stern, said in a recent speech that the "core imperative has to be to break the link between growth and fossil fuels."

That link prevails in part because the U.S. supplies a growing demand for fuel. But the administration contends that America's energy exports have not increased global demand or global emissions. The U.S. is the largest oil consumer in the world and imports twice as much crude oil as it exports in oil-derived products.

## PANAMA'S SHELL GAME



In this Sunday, Sept. 7, 2014 photo, Guna indigenous women walk in a street in the island of Gardi Sugdup, Panama. Perhaps no one stands to lose more from climate change in Panama than the Guna, who have fiercely protected their primitive way of life on this low-lying archipelago on the Caribbean coast. In 2012, Guna leaders passed a resolution supporting plans to move the tribe to the mainland. The plans are controversial within the tribe and any move is several years away. "It's our responsibility to prevent a catastrophe," the resolution said. "Climate change will sooner or later affect the islands." Population growth already has. Houses, or pens for chickens and pigs, are built right to the edge of the island, often on fill made from trash and coral used to make more land. (AP Photo/Arnulfo Franco)



Panama has long been an important player in the global energy trade because of the Panama Canal. It is positioning itself to be an even bigger conduit for U.S. energy exports when a \$5.2 billion, third set of locks is completed next year. This will enable tankers full of U.S. liquefied natural gas and potentially crude oil to transit.

Panama also is expanding its network of trade zones, which allow for duty-free imports and export of gasoline and diesel.

The country plays its own shell game with pollution.

It says it contributes no carbon dioxide to the atmosphere because its sizable forests absorb more than what is released from vehicle tailpipes and deforestation, the biggest sources of climate-altering pollution in the country.

Its accounting includes forests owned independently by the Guna people on the plus side of the ledger, but it excludes pollution released from three dozen or more oceangoing vessels that pass through the Panama Canal each day, paying about \$250,000 per trip. Ship pollution, which accounts for about 3 percent of global carbon emissions, is not on any country's balance sheet. It is controlled by the International Maritime Organization, which has taken steps to make modern ships more efficient.

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## ISLANDS AT RISK

Perhaps no one stands to lose more in Panama than the Guna, who have fiercely protected their primitive way of life on this low-lying archipelago on the Caribbean coast.

In 2012, Guna leaders passed a resolution supporting plans to move the tribe to the mainland. The plans are controversial within the tribe and any move is several years away. "It's our responsibility to prevent a catastrophe," the resolution said. "Climate change will sooner or later affect the islands."

Population growth already has.

The school on the island of Gardi Sugdup sacrificed its playground in an expansion to hold more kids. Houses, or pens for chickens and pigs, are built right to the edge of the island, often on fill made from trash and coral used to make more land.

Except for the Coca-Cola bottles and empty snack bags that litter the dirt paths, the modern world seems far away.

Women wear traditional dress, proudly displaying the colorful embroidery known as a mola across their chests, their forearms and shins covered with tightly packed strands of beads. Police carry elaborately carved wooden canes and walk bare foot. Bathrooms without plumbing empty into the open sea.

But the effects of carbon dioxide have no boundaries, the Guna are finding out

A 2008 storm split apart one island and sank two others, which were uninhabited, according to Jorge Andreve, a Guna who is the regional director for Panama's environmental agency. Flooding on another island soaked the wood, so people couldn't cook with it.

"Everything's changed," said Jose Davis, who spoke on behalf of eight leaders, representing 26 communities, meeting here on a recent Sunday. "We are not complying to the universal world and how we should live



with nature." Davis said he would confer with the gods on how better to live in harmony with nature.

Science has documented what the Guna speak about spiritually. A paper by researchers at the Smithsonian Tropical Research Institute in 2003 found that the sea surrounding the archipelago was rising 2 millimeters per year. Using satellite photos, they calculated how much land had already gone underwater from 1966 to 2001. It was about the size of 12 football fields.

The paper also said that the tribe's practice of harvesting coral to fill in islands and make space for more people exacerbated the problem.

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## AMERICA'S ENERGY PATH

In recent years, hydraulic fracturing technology has underpinned an American energy revolution, allowing companies to extract oil and natural gas from shale formations where it was once inaccessible. That in turn has led to cheaper natural gas prices, a feedstock for refiners, and has depressed domestic oil prices because of a 1970s ban on exporting crude oil.

At the same time, policies to address climate change have slackened demand, along with gasoline prices that, until recently, were high. Fuel economy standards put in place by the Obama administration are leveling off gasoline consumption for the first time. A requirement to add corn-based ethanol to gasoline also has cut into oil's share of the gasoline market.

Since October 2007, U.S. automobiles have used 15.1 billion fewer gallons of gasoline and diesel, according to Michael Sivak and Brandon

Schoettle of the University of Michigan. But to meet rising demand in Latin America and elsewhere, the U.S. exported nearly seven times that amount, according to U.S. Energy Department data.



In this Sunday, Sept. 7, 2014 photo, a man paddles his traditional fishing vessel near Gardi Sugdup island, Panama. The Guna people have reduced what was already a minuscule carbon footprint: They cook with clean-burning gas. They use a small amount of diesel fuel to power fishing boats and a generator to light bare bulbs dangling above dirt floors after sunset. They own one of the most pristine stretches of tropical rainforest in all of Panama, cleansing the atmosphere of carbon dioxide naturally. But larger forces threaten to uproot them, stemming from the failure by the rest of the world to rein in carbon emissions and as carbon rises, so will the seas that imperil them. Several communities already have plans to relocate to the mainland, fleeing severe floods and storms that have already drowned some islands and divided others in half. (AP Photo/Arnulfo Franco)

The White House said the exports do not add more carbon to the

atmosphere because they replace fuel that would come from someplace else. Sivak agreed that "we are doing the world a net good" by reducing U.S. consumption.

Other experts dispute that. They note that when a source of energy is plentiful and reasonably priced, as is the case with U.S. oil, it tends to increase demand, making other potentially cleaner energy sources less competitive.

It's a cycle the U.S. is doing little to break in the world market. Obama has called for an end to fossil fuel subsidies in the U.S. but has gotten little support in Congress.

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## PANAMA'S POLLUTION

The energy-efficiency push that has helped restrain demand in the U.S. is all but absent in Panama, where gasoline sells for about \$1 a gallon. The country has the lowest fuel taxes in Central America. It has no refineries, so it imports all fuel but charges no tariffs on it.

The government discounts the price because the fuel is dirtier than what foreign refiners charge for cleaner blends of U.S. gasoline. It requires a blend with 5 percent sugarcane ethanol and has tree-planting programs to counter deforestation.

Panama's national environmental authority cannot say whether rising imports of U.S. gasoline have increased emissions. Fewer than a dozen people at the agency work on global warming matters.

"To manage all the things that involve climate change, that takes more people than just the few of us," said Daysi Vargas, a climate change

analyst with the agency.

Among the things they are not enforcing are tailpipe tests aimed at making sure cars are running efficiently and releasing the least amount of pollution. The AP visited one testing facility in Panama City and it appeared abandoned. The workers and owners said no one comes for the \$16 test.

Panama last year was the largest recipient of some of the dirtiest diesel fuel—grades no longer allowed in U.S. engines.



In this Monday, Sept. 15, 2014 photo, cargo ships billow smoke from their engines while passing through the Pedro Miguel locks at the Panama Canal near Panama City. Panama says it contributes no carbon dioxide to the atmosphere because its sizeable forests absorb more than what is released from vehicle tailpipes and deforestation, the biggest sources of climate-altering pollution in the country but it excludes pollution released from three dozen or more oceangoing vessels that pass through the Panama Canal each day, paying about \$250,000 per trip. Ship pollution, which accounts for about 3 percent of global carbon emissions, is not on any country's balance sheet. It is controlled by the

International Maritime Organization, which has taken steps to make modern ships more efficient. (AP Photo/Arnulfo Franco)

In the past five years, the country's gasoline and diesel imports from the U.S. have more than tripled, based on the AP's analysis of Energy Department data. Embedded in those imports were roughly 48 million tons of carbon dioxide emissions, off the U.S. climate books and put on Panama's, or about 10 percent of the country's estimated emissions from all energy. The government is still working to figure out just how much carbon pollution Panamanians contribute to global warming. Panama says it is not obligated to reduce emissions because it is a developing nation.

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## MONEY GROWS ON THESE TREES

Deforestation is by far the biggest source of carbon pollution in Panama, and the government is working to ensure that it plants trees or protects forests so its carbon balance sheet remains positive.

It also is preparing for the potential sale of carbon credits from its preserved forests, to help other countries or companies reduce their own carbon footprints—an idea that the nation's indigenous people initially rejected. A truce was reached last December, jumpstarting the \$5.8 million U.N. program in Panama after it was suspended because of objections by indigenous groups.

The Guna are still skeptical.



In this Thursday, Sept. 25, 2014 photo, Scientist Stanley Heckadon Moreno points out at an old submerged rail road line on a beach at the Galeta Point Marine Laboratory of Smithsonian Tropical Research Institute on the Caribbean entrance of the Panama Canal outskirts of Colon City, Panama. A paper by researchers at the institute in 2003 found the sea surrounding the low-lying archipelago on the Caribbean coast, home to the Guna indigenous people, is rising 2 millimeters per year. Using satellite photos, they calculated how much land had already gone underwater from 1966 to 2001. It was about the size of 12 football fields. (AP Photo/Arnulfo Franco)

"They are willing to give us money, but they are still going to contaminate," said Hernaclio Herrera, a biologist with the National Association for the Conservation of Nature. "It's a license to pollute."

The Canal Authority has profited from selling credits from some of the trees it owns. A private broker failed to make a deal with the Guna to pay them to preserve their forests in order to sell the credits to a German



insurance company that wanted to neutralize some of its carbon pollution.

The Guna refused the offer, even though the money could have helped pay for their escape from climate change.



In this Sunday, Sept. 7, 2014 photo, a general view of rainforest near the ocean as seen from Guna Yala, Panama. Deforestation is by far the biggest source of carbon pollution in Panama, and the government is working to ensure that it plants trees or protects forests so its carbon balance sheet remains positive. It's also gearing up for the potential sale of carbon credits from its preserved forests, to help other countries or companies reduce their own carbon footprints, an idea that the nation's indigenous people initially rejected. A truce was reached last December, jumpstarting the \$5.8 million U.N. program in Panama after it was suspended because of objections by indigenous groups but the Guna indigenous people are still skeptical. "They are willing to give us money, but they are still going to contaminate," said Hernaclio Herrera, a biologist with the National Association for the Conservation of Nature. "It's a license to pollute." (AP Photo/Arnulfo Franco)



Forests, according to the Guna, are sacred sanctuaries that should not come with a price.

"When we speak about trees, we talk about our brothers and sisters," said Jorge Andreve, director for Panama's environmental agency in the Guna Yala region and a Guna himself. "You can't put a T-shirt with a dollar sign on a tree, when you don't own that tree."

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