

# Biofuels, trade dominate EU-Latin American summit

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(Updates with new quotes, details; changes byline)

By Terry Wade

LIMA, May 16 (Reuters) - European and Latin American leaders called for action to tackle surging food prices and global warming at a summit in Peru on Friday, despite differences over biofuels and free trade.

Leftist Bolivian President Evo Morales said he feared the poor could suffer as his regional counterparts rush to sign free-trade deals with Europe, and others warned of a looming world food emergency, which some attribute in part to greater use of biofuels.

"If the crisis deepens, hundreds of millions of people will be threatened by hunger," Peruvian President Alan Garcia told the fifth gathering of heads of state from Europe, Latin America and the Caribbean.

The European Union and Brazil, the world's top ethanol exporter, back biofuels, but many Latin American countries blame them for pushing up food prices and causing hunger in a region where a third of the population lives in poverty.

Critics say the EU should scrap its target of having renewable fuels make up 10 percent of road transport fuels by 2020, saying the goal will contribute to hunger and environmental damage around the world.

European leaders played down the risks.

"The impact of biofuels (on food prices) should not provoke such alarm, because from my point of view the relationship isn't that clear," Spanish Prime Minister Jose Luis Rodriguez Zapatero told reporters.

Even as many poor nations in Latin America criticize the use of food crops such as corn and soybeans to make fuels, they are increasingly worried about climate change and say rich states must cut carbon emissions.

Peru created an environment ministry this week to help cope with the impact of rising global temperatures, which studies show could melt its Andean glaciers within 25 years.

While there was broad support for initiatives to combat global warming, including carbon trading programs and reforestation, leaders struggled to agree about trade.

## DIVIDED ON TRADE

Proponents say opening up borders would lower food prices by removing tariffs, but skeptics say trade pacts could hurt food production by slashing

subsidies.

The issue has exposed ideological disagreements between Peru and Colombia, both free-trade enthusiasts, and leftist leaders like Bolivia's Morales, a former coca grower who says trade deals could hurt peasant farmers.

Peru and Colombia called on Friday for their countries to be put on a "fast track" in trade talks between the EU and Andean countries.

Europe is keen to boost trade with resource-rich Latin America and pushed talks with three trade blocs in the region.

Michelle Bachelet, president of staunch free-trader Chile, called for a global trade agreement.

"I'm making an urgent plea for us to successfully wrap up the Doha round," she said. "If we have freer and fairer agricultural trade, we'll have more food."

Although the summit's final statement included few concrete measures, some leaders used the occasion to patch over differences.

Chavez, who often insults conservative leaders, apologized to German Chancellor Angela Merkel only days after calling her a political descendant of Adolf Hitler.

"I haven't come here to fight," Chavez said after they shook hands. "I told her that I was sorry if I'd been harsh."

Chavez irritated some leaders at a summit in Chile last year, prompting the king of Spain to tell him to "shut up." (Additional reporting by Maria Luisa Palomino, Helen Popper, Marco Aquino, Dana Ford, Silene Ramirez and Ricardo Serra; Editing by Eric Walsh)

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