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The impact of current oil price trends

- I expect volatility not just in the short term but also in the long term
  - Insecurity of supply and increase in demand from emerging economies
  - In a climate constrained policy regime, global carbon tax is possible
  - I will not dwell on short-term fixes because I am not qualified (VAT or tariff)
- In the long term, the current price level of oil is an opportunity and stimulus
  - It will make people think twice about taking trips or buying that SUV; it will stimulate us to adopt more efficient ways of transporting people and goods and services (e.g. trains, placement of urban attractors)
  - Makes clean, climate-friendly, sustainable energy alternatives more competitive (premium on alternatives: solar, wind, biofuel)
- Clean and Climate-friendly energy is no longer a pipe dream but an imperative
  - In a globally warmer world, carbon will be constrained one to two decades from now.
  - CE is our competitive advantage because it is the one resource we have in abundance in the tropics. For me, CE will be one of the greatest equalizers of the 21<sup>st</sup> century because the resources that will be needed for CE will come from the tropical belt of this planet.
    - By CE, I mean energy from water, sun, wind, geo-heat, tidal forces and biology. We are a poor country sitting on all that energy capital. And we are poor because we seem unable (or disabled) to mobilize this energy capital into assets that will power our development. (Brazil, India)
    - Surface energy vs. buried energy (renewability is premised on recycling times, tropics is awash in former)
- Biofuel
  - I have no intention of going into the debate of Ms. Santiago and Mr. Zubiri, of Food vs. Fuel, or even the issue of the net carbon savings of some biofuel crops as raised by some Nobel laureates
  - We should push for a major strategic presence in biofuels
    - The 21<sup>st</sup> century will be one driven by biology, tropical biology. And here I do not just mean biotechnology in medicine or warfare. The previous two centuries were driven by physics and chemistry. This century, biology will take center stage. And we do well to exploit our competitive advantage here. (even the lowly malunggay is being eyed as a source of power)

- This push, however cannot be blind
  - Before jumping into any of these biofuel bandwagons, we should look at the experiences of Malaysia, and Indonesia, the US in corn-based ethanol; economies of scale, market forces: bio-economics
  - Strong policies that ensure food and water supplies for our people, protect biodiversity, and promote the welfare of our indigenous brothers and sisters
  - We should build our own research and engineering infrastructure for biofuel so we do not end up playing catch up again with our neighbors
- I can talk about wind and the tides as other potential sources of power, which our country also possesses insignificant measure. But there is no more time.
- Let me end by repeating what I earlier said about this spike in oil prices being an opportunity:
  - The volatility will seem to continue and will be compounded by climate policy instruments such as global carbon tax
  - In the long term, the current price level will stimulate as to live more simply and more likely on the earth; it will bring clean alternative energy closer to the mainstream
  - Strategically, let us intelligently mobilize our biological resources for food and energy.
- The survival of this planet depends on how successful we are in decoupling carbon from development. Because carbon and development are conjoined, the volatility of oil leads to volatile development. Poor countries do not have buffers to survive these inclement swings in carbon prices. The sooner we de-carbonize our development, the better will it be for emerging economies such as ours. And I must say, the safer it will be for the entire planet as well.