

Cleviston Haynes: Bio-digestion - benefits to Barbados

Speech by Mr Cleviston Haynes, Governor of the Central Bank of Barbados, at the conference on "Bio-Digestion: Benefits to Barbados", Bridgetown, 17 May 2019.

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Welcome to this conference on "Bio-Digestion: Benefits to Barbados."

At the outset, we thank Mr. Joseph Tesar, President of Quantalux, and the spouse of the Bank's 2019 Distinguished Visiting Fellow, Dr. Linda Tesar, for offering to share his expertise and experience in converting waste to energy in a clean and sustainable way.

We are also thankful for the support provided by members of the local alternative energy community.

This conference is important, opportune, and necessary because our national energy policy is focused on shifting to the use of renewables and cutting our reliance on fossil fuels that are currently central to meeting our transportation and electricity needs. Indeed, government has announced an ambitious goal of 100% reliance on renewables for energy generation by 2030.

It is ambitious because at present only an estimated 4% to 6% of our energy needs are being met by renewables. It is ambitious because the transition requires significant investments.

But ambitious it needs to be so that we can promote greater energy security, enhance our long term competitiveness and address the negative spillovers that accompany the use of fossil fuels. I wish therefore to commend the efforts of local agencies such as the Ministry of Energy and Water Resources and the Barbados Renewable Energy Association that have been championing this thrust towards renewables. As we seek to promote greater stakeholder engagement in this process, it is important that we enhance our knowledge about how we can benefit from alternative energy sources such as solar, wind, hydro, and waste.

Today's conference fits neatly into that vein as Mr. Tesar will help us to better understand how the waste we generate can fit into the new energy mix; how we can turn our organic waste into economic value; and how we can protect a fragile environment and mitigate the risks associated with climate change to which the carbon produced by fossil fuels contributes.

We must see the shift to renewable energy in the context of leveraging our biological resources, while building resilience: building environmental resilience, financial resilience, and economic resilience.

You may recall the topic of our 2004 Sir Winston Scott Memorial Lecture, "The Economy or the Environment: What is the Bottom Line?" that award-winning scientist and environmentalist, Dr. David Suzuki, delivered next door.

That theme remains of great significance because, as a small open economy, we are very vulnerable to the disastrous effects of fossil fuels.

We are especially vulnerable to the environmental degradation that fossil fuels cause. Global warming created by fossil fuels makes us susceptible to the hazards of climate change. A recent IMF blog quoted scientists as warning that in the absence of mitigating actions, global temperatures may rise by more than four degrees Celsius above pre-industrial revolution levels by the end of the century. This phenomenon will lead to inundation of low-lying island states and extreme weather events, the scientists predict. The attendant beach erosion would bode ill for our main industry tourism.

Indeed, we in the Caribbean are among the top 25 most vulnerable nations exposed to shifting

weather patterns and global climate change. And we have already started to experience the extreme weather conditions about which scientists warn. We only have to flashback to Dominica 2017 and recall how Irma and Maria wrecked our neighbour. Those storms wiped out over 200 percent of Dominica's GDP in fewer than two days. That is an astronomical cost to pay and requires sustained coordinated global action to minimise the impact on small island economies like ours. And this is not the only price that comes along with our dependence on fossil fuels.

High fuel prices impinge Barbados' economic growth, stymie our competitiveness, and erode our foreign reserves, the lifeblood of our economy. In 2008, when oil prices hovered around US\$90 per barrel, our Balance of Payments felt the impact. As the cost of fuel imports sky rocketed, shipping costs also rose, pushing up the price of imported goods. These increasing costs had an inflationary effect, while our valuable foreign exchange was used to help pay for these imports. High oil prices do have ripple effects for us.

Consider the savings in foreign exchange, therefore, if we were to move to renewables, harnessing the sun, wind, water, and now biological resources and organic waste. These savings have the potential to facilitate projects that stimulate greater economic activity and fuel growth.

Today, the Bank is concerned about the current global uncertainty, created in part by geopolitical tensions, surrounding the price of oil. Significant increases in the price of oil now that we are stabilising the economy represent a distinct downside risk that could offset our economic recovery efforts.

Much emphasis has been placed on solar energy but bio-based renewables also present a win-win! They have the potential to power the economy while minimising waste and enabling us to make the best use of our resources. They generate energy. They help us to manage our carbon footprint. They boost local agriculture production by supplying organic fertilizers. And they improve our tourism value-added because the oceans and the island are cleaner.

We support all efforts to promote and encourage the use of clean energy sources and commend the government for accelerating the shift to 100 percent renewable energy.

The move has the potential to create more sustainable jobs. New opportunities will rise for engineers, technicians, technologists, investors and entrepreneurs. The oil rich nation, Saudi Arabia, is harnessing the sun and expanding its solar capacity to create new jobs. We can and must do the same.

Our switch to renewables will lead to new industries as well and create the potential for greater investment diversification, as investors look for "green" options for pension funds, etc.

So, as we reflect on David Suzuki's 2004 Sir Winston Scott Memorial Lecture topic, I say: the bottom line is that we must protect our environment, and our economy. Let's all do so by supporting the conversion of waste to energy as a part of our energy mix, by embracing sustainable sources of renewables, and by reducing our carbon footprint. That's how we will make our environment and our economy more resilient. The ball is in our court. I thank you.