

## **Brazilian exporters clinch sustainable ethanol deal**

In an unprecedented contract, Brazilian ethanol producers Cosan, Guarani, Nova America and Alcoeste have signed a deal with Sweden's Sekab to export 115,000 cubic meters (115 million litres) of ethanol over nine months and have committed to good labour and environmental practices, AE Brazil reports. This means the ethanol will be produced in accordance with sustainability criteria.

In an interview with Dow Jones, Sekab's vice president said that if Brazilian ethanol were to lose the sustainability debate 'it will be devastating not only for Brazil, but for the consumption of ethanol in all of Europe.' The Sekab official added that there were a lot of accusations flying against Brazilian ethanol in Europe and 'Brazil needs to take control of the subject matter when it comes to ethanol, or others will and they won't have Brazil's, or ethanol's, best interests in mind.' Sekab is thought to be paying the spot market export price per month plus a 5% to 10% premium for meeting the sustainability standards, according to the, director of SCA Corretora.

Coca-Cola's CEO said that Brazilian ethanol was sustainable and praised it as an energy solution, AE Brazil reports. Some drinks companies have recently sent a letter to the EU warning about the supposed risk of ethanol to the food and drinks market.

Truckers across Brazil began an open-ended strike on Wednesday in protest at high fuel prices and a proposed ban on trucks in Sao Paulo during peak hours to ease traffic jams, Reuters reports. There was little immediate impact however, as only independent truckers or about half of the country's truck fleet, stopped work. Nevertheless, commodity traders are worried about the movement spreading as happened in a four day truck strike ten years ago, which brought most of the economy to its knees.

Petrobras is expected to announce its new bio-fuels subsidiary, Petrobras Biocombustível SA on Thursday, AE Brazil reports. Following the announcement, the Petrobras technology and renewable fuels coordinator will present technology being developed by the company, and will highlight second-generation ethanol from cane pulp as well as synthetic bio-diesel.

Shell's Group Chief Technology Officer said bio-fuels could be very attractive but the company would not place its bets on corn-based ethanol in the US. In contrast, the Brazilian cane ethanol model was environmentally sustainable as well as economically viable and it was clear that when analyzed, this is an attractive area for investment. He denied that the oil industry feared ethanol, saying that in the next few years all the fuels possible will be required, as demand will be so high, and ethanol would complement oil.

Shell will invest in both cane ethanol and in technology to make ethanol from cane pulp, as both made economic sense, he said.

Brazil's Chamber of Deputies will discuss several renewable energy bills, and has installed a special commission to analyze them, Global Daily Analysis reports. The bills include a proposal to create incentives for renewable energy use and to require total electricity consumption to come from alternative energy sources from 2020. The publication says the increased interest by the Deputies,

who will also investigate the potential of different renewable energy sources, such as biomass, could reflect an awareness of untapped business opportunities, especially for ethanol producers.

Anba reports that Morocco is interested in producing ethanol and wants help from Brazil in the field. The issue was discussed this week by the Brazilian Foreign Affairs Minister and the Moroccan Energy Minister. Morocco will need a feedstock other than cane to make ethanol and Brazil wants to evaluate this.

Petrobras officials will discuss their energy experience with counterparts in Trinidad and Tobago this week while the Petrobras president will speak on Brazil's expertise in ethanol, a company press release reports.

Mato Grosso has recorded a 16% fall in deforestation in the 10 months through to May compared with the same period the year before, according to research by environmental policythink tank Imazon, Dow Jones reports. (26 June 2008) [Back to Top](#)