

Brazil: Mills to sell ethanol directly to fuel stations

Groups representing sugar and ethanol mills had argued for the resolution for years, saying it would benefit consumers and increase profit for producers alike.

The Brazilian government passed a resolution last week to allow ethanol makers to sell the fuel directly to fuel stations, reports Reuters. The change aims at boosting fuel industry competition. The resolution, approved by the Energy Policy Council (CNPE), would still require additional legislation to bypass fuel distributors.

Brazil's Economy Ministry will now have to issue tax-related regulation - mills might have to pay that tax in full to sell directly to fuel stations - within 6 months for the bill to come into force.

Brazil's largest ethanol association, Unica, argued that the new legislation could complicate the rollout of biofuels, such as RenovaBio, a national programme foreseen to be implemented next year. According to Unica, if mills sell ethanol directly to sites, fuel distributors may struggle to increase volumes of ethanol.

Groups in favor of direct sales, however, argue that this change would considerably improve profit margins for mills, as sugar prices are not as profitable as ethanol. 65% of the cane processed last season in Brazil was allocated to ethanol production.