

# CEFS FACT SHEET ON BRAZIL

## ABOUT BRAZIL



World number 1 sugar producer and exporter

**20%** of world production (36.3 million tonnes in 2022)

**40%** of world exports (27.3 million tonnes)

### In 2022:

- 16.34 million Tonnes / Litres of sugar were produced
- 19.96 million Tonnes / Litres of ethanol were produced

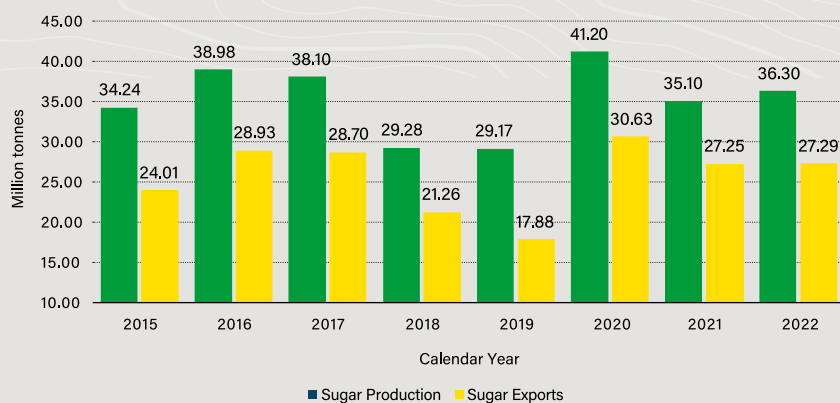


Figure 1: Brazil's sugar production compared to exports, Calendar Year 2015-2022. Source: ISO (2023)

## GOVERNMENT SUPPORT

Decades of policy support for both the sugar and ethanol sectors.

Many operators produce both sugar and ethanol, allowing them to navigate the recurrent difficulties of each market and maximize efficiencies.





**HOW DOES RENOVABIO WORK**

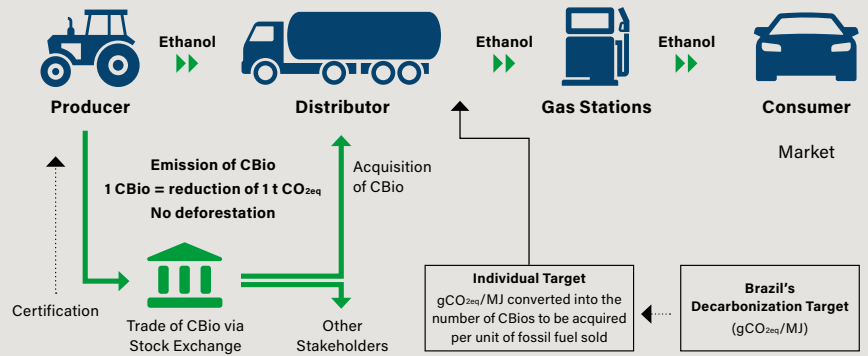


Figure 2: RenovaBio – a simplified diagram

**RenovaBio**

The latest Brazilian Government support program is 2018's RenovaBio

- Regulatory market framework incentivising biofuels over fossil fuels supporting decarbonisation of Brazil

**BLENDING**



In Brazil, there are two options in terms of ethanol use at the gas station:

- E27: the blending mandate for ethanol (anhydrous) into gasoline is 27%.
- E100: Hydrous ethanol (100% ethanol). E100 can be used by both ethanol-only and so-called flex-fuel vehicles.

Both anhydrous and hydrous ethanol benefit from preferential tax treatment relative to gasoline.

- CIDE (Contribution for Intervention in the Economic Domain): since 2015 the tax for gasoline and diesel has been stable at R\$ 0.10/litre, whereas hydrous ethanol (E100) is exempt.
- PIS/COFINS (Social Contributions): is levied at a much lower rate for anhydrous ethanol (R\$/litre 0.1309) than for gasoline (R\$/litre 0.7925). Hydrous ethanol is exempt from PIS/COFINS.
- ICMS (Circulation of Goods and Services) varies between states, but invariably delivers an advantage to hydrous ethanol vis-à-vis gasoline, ranging from -10 percentage points in Mato Grosso to -15 points in Minas Gerais.

Source: Meriot, 2022



**SUSTAINABILITY**



Sugar cane expansion has resulted in land use change, raising concerns about biodiversity loss and deforestation.



Sugar cane expansion is expected to affect the Cerrado ecosystem and the southern fringe of the Amazon rainforest in the coming years.



At least 30 active substances banned in the EU are authorised for use on sugar cane in Brazil.



Source: S&P Global, WTO