

CEFS FACT SHEET ON BRAZIL

ABOUT BRAZIL



**World number 1
sugar producer
and exporter**

25% of world production
(45.7 million tonnes in 2023)

46% of world exports
(31.4 million tonnes in 2023)

IN 2023:

45.5 million tonnes
of sugar were
produced.

35.3 million litres
of ethanol were
produced.

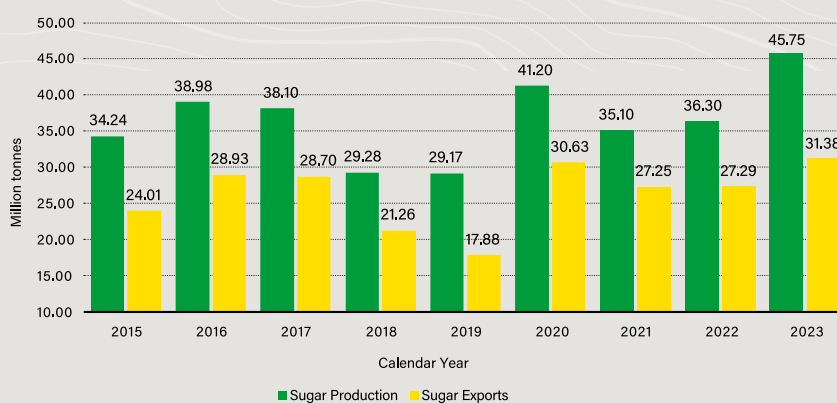


Figure 1: Brazil's sugar production compared to exports, Calendar Year 2015-2023.
Source: ISO (2024).

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

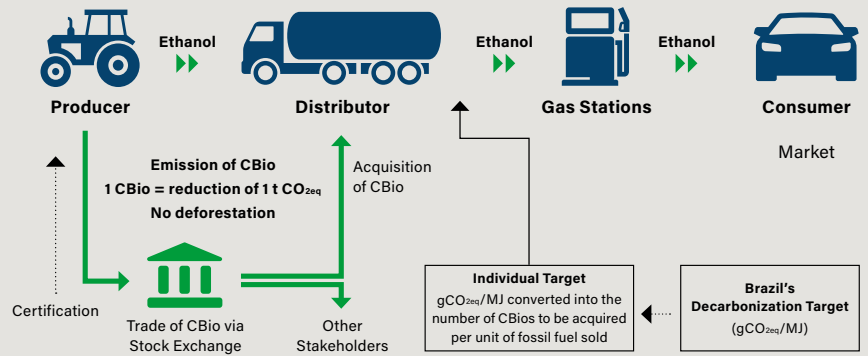


Figure 2: RenovaBio – a simplified diagram

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