

Analysis for Brazilian Bio-ethanol and Sugar Program

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More than half of the sugar cane grown in Brazil goes toward ethanol production. The Brazilian government has promoted the ethanol program since 1975. In Brazil, domestic ethanol consumption is increasing because of growing interest in the Flex-Fuel car. The government plans to expand ethanol exports based on the National Agro-energy plan (2005). The government also plans to expand sugar exports. Brazil will not change the allocation ratio of sugar to ethanol produced from sugar cane because that would mean increasing both sugar and ethanol production, forcing an in-

crease in sugar cane production. In Brazil, the area harvested of sugarcane has contributed to expanding sugarcane production. Brazil will expand sugarcane production to increase the area harvested of sugarcane. Although Brazil can expand sugarcane production, it will cause competition between energy and food, and impact not only on domestic food markets but also world food markets. It may also cause soil erosion, forest fires, salt accumulation, and water pollution. Further agricultural development, caused by the ethanol policy, will have a negative impact on the environment.

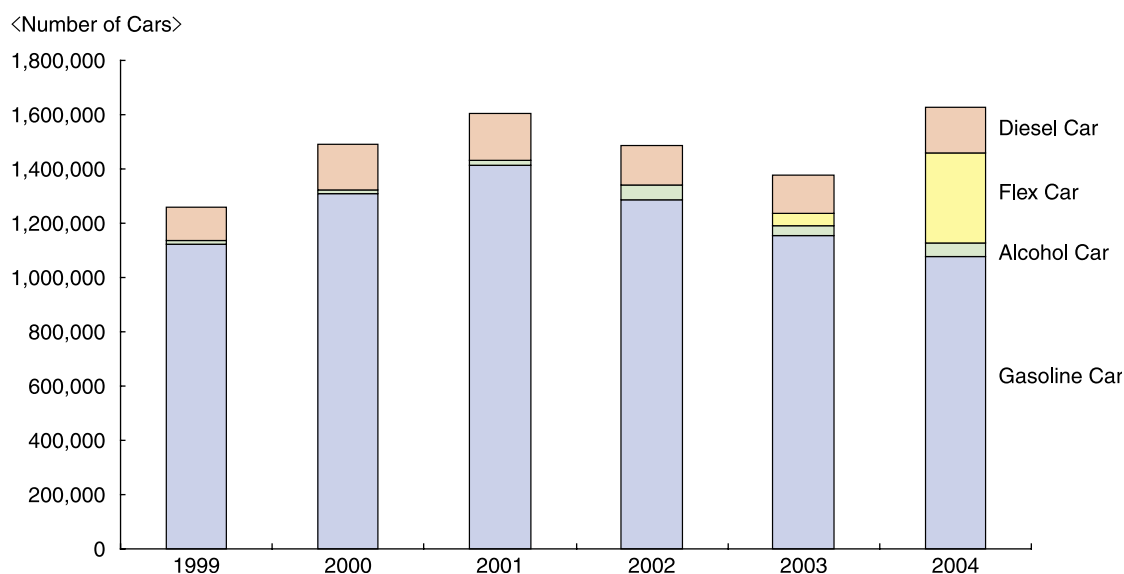


Fig. 1. The number of fuel-vehicle in Brazil

Source: Fourin, "World Vehicle Statistics Yearbook 2005"

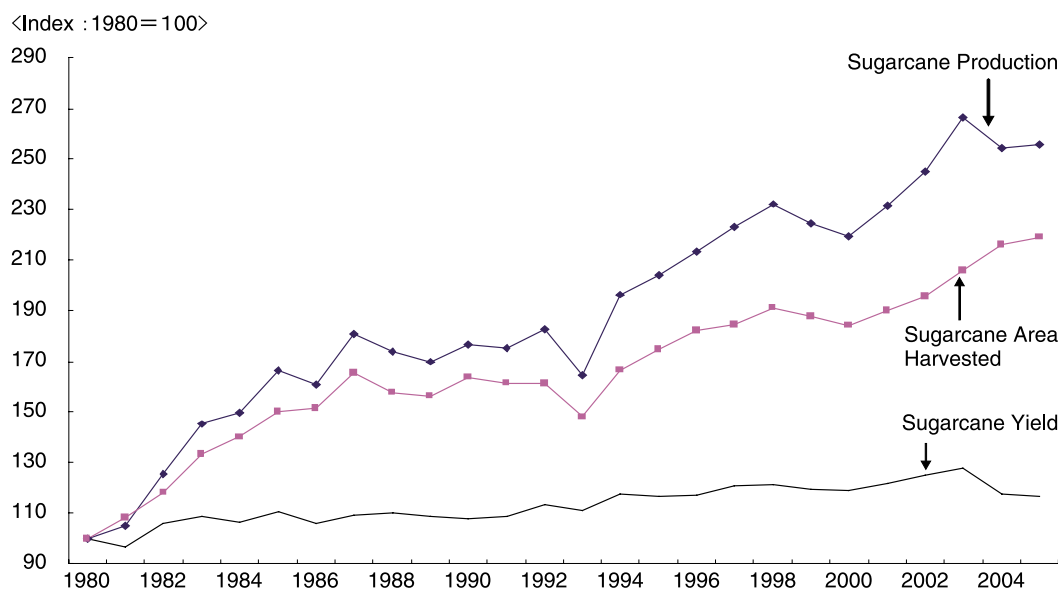


Fig. 2. Brazilian sugarcane production

Source: Institute FNP, Agrianual 2006.