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**BRAZIL**

## **Brazil's sugar cane output grows with demand**

### **Brazil boosts its sugar cane acreage and plans to export more ethanol to meet the growing global demand for biofuels.**

By Carlos Caminada and Carla Simoes

Bloomberg News

Brazil, the world's largest ethanol exporter, will expand sugar cane acreage and output by about half over the next six years as demand for biofuel grows, supported by made higher oil prices, an industry leader said.

Eduardo Pereira de Carvalho, head of an association representing about 85 percent of sugar and ethanol production in Brazil, said cane output may rise 55 percent over the next six years to about 730 million metric tons, while planting may grow 45 percent to about 22.2 million acres.

A doubling of oil prices over the past three years, which raised the cost of gasoline, has boosted demand for ethanol in Brazil and the United States, while Japan and other countries plan to start using the biofuel as an additive.

#### **'CONTINUOUS PROGRESS'**

Carvalho said he expects the price for a barrel of oil to remain near or above \$60 in coming years, encouraging investments in ethanol production in Brazil.

"With oil prices around \$60, the trend is for continuous progress in demand here and abroad," said Carvalho, chairman of the Center-South Sugar and Ethanol Industry Association. "We will have the incentive to continue to boost ethanol production."

Brazilian ethanol exports jumped 91 percent last month from a year earlier to 545 million liters on surging demand from the United States, the Trade Ministry said on its website.

Carvalho said he expects annual ethanol exports to rise to 7 billion liters over the next six years, from 3.1 billion liters in the crop year ending April.

Demand for ethanol in Brazil will rise to 27 billion liters over the next six years, from about 14 billion liters now, he said.

## **ETHANOL BOOST**

Brazil on Tuesday boosted the mandatory ethanol content in gasoline sold at pumps to help mills processing a record sugar cane crop sell the surplus production of the biofuel. Fuel distributors will have to add a 23 percent ethanol content to all gasoline sold to service stations starting Nov. 20, rising from a 20 percent mandate now.

Mills in Brazil turn about half of their sugar cane into sweetener and the rest into ethanol.

Brazilian gas stations also sell the biofuel separately to power flex-fuel cars that can run on pure ethanol, gasoline or any mixture of the two.

Bloomberg writer Flavia Lima contributed to this story from Sao Paulo.