

Venezuela Starts Receiving Brazil's Fuel Alcohol. China Is Next.

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Brazilian energy giant Petrobras made its first shipment of fuel alcohol this week. The first shipment of anhydrous alcohol left on Monday, July 25, from Rio de Janeiro, on board tanker Nara, and was destined to Venezuela.

The company contract with the government of Venezuela is still being negotiated and forecasts, initially, the monthly shipment of around 25,000 cubic meters of the fuel.

The operation is the result of a memorandum of understanding signed in February, during a visit by Brazilian President Luiz Inácio Lula da Silva to the Venezuelan president, Hugo Chávez.

The objective of the document is cooperation in the implementation of a program for addition of ethanol to petrol. In Venezuela, a new law determines the end of the use of Tetra-ethyl lead in the mixture up to August.

Initially, Petroleos de Venezuela (PDVSA) will add 8% alcohol to petrol in the eastern region of the country. After an adequate period, the fuel may be used in the rest of the country at a 10% mixture.

For the Supply director at Petrobras, Paulo Roberto Costa, "with this first fuel ethanol export to Venezuela, Petrobras, as forecasted in the company Strategic Planning, strengthens its position as an energy company, generates great gains to the environment, enters new markets and sectors, sponsors the growth of Brazil and collaborates to the integration of the countries of South America."

After Venezuela it may be the Chinese turn. Petrobras has already started negotiations with the Chinese government to promote exchange in the fuel alcohol area. There are not yet, however, details regarding the extension of a future accord.

Although fuel alcohol has been used in large scale in Brazil for 30 years, only now have greater opportunities on the foreign market started arising, due to the enactment of the Kyoto Protocol, which forecasts the reduction of pollutant emissions on a global scale, and the increase of oil prices.

With their eye on this potential, Petrobras decided to dive headfirst into the foreign alcohol market. At the beginning of the year, the company announced that it intends to invest US\$ 330 million in the next five years to develop the transport infrastructure for the product.

The company hopes to have a capacity for export of 8 billion liters by 2010. Just to have an idea, last year Brazil, which is already the greatest producer and exporter of alcohol, sold 2.4 billion liters on the foreign market.

In Brazil, alcohol is used in engines that are run exclusively on this fuel, in "flex fuel" engines - that operate on gas, alcohol or any mixture of both fuels -, and in vehicles that run only on gas, where the product is used as a catalyst mixed into the oil derivative.

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