

In Brazil, OPEC Chief Predicts Whole World Will Add Alcohol to Gas

Contributed by Alexandre Rocha
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OPEC's (Organization of the Petroleum Exporting Countries) president, Edmund Daukoru, is in Brazil where he visited yesterday, August 17, the Sugarcane Technology Center (CTC), a private research organization.

The purpose of his visit was to learn more about the production of fuel alcohol in Brazil. Daukoru is also the minister of Oil of Nigeria.

"He believes that the whole world is going to start mixing alcohol into gas," stated the research manager at the CTC, Jaime Finguerut, who met Daukoru at the organization's offices in the city of Piracicaba, in the interior of the southeastern Brazilian state of São Paulo.

According to the researcher, the minister justified his forecast due to "matters related to the environment". Enactment of the Kyoto Protocol, which forecasts the reduction of pollutant emissions on a global scale, opened the door to the global alcohol market as many countries now use MTBE, an oil product that is more pollutant than alcohol, as an oxygenate in gasoline. "He is also interested in biodiesel," stated Finguerut.

According to the researcher, the OPEC president added, however, that the level of alcohol used on a global scale should not be the same as that used in Brazil.

In Brazil, ethanol replaces 40% of the gasoline, either mixed with gas at a rate of 20% to 25%, or used as the sole fuel of dual-fueled vehicles. Just to give an idea, Japan has approved a mixture of 3% alcohol into its gasoline.

"He believes in a modest and moderate mixture," stated Finguerut. The current levels of alcohol production do not make its use possible on a global scale at the same levels as it is used in Brazil.

According to the researcher, the global alcohol production is around 40 billion liters, which corresponds to 2% of the global consumption of gas.

The perspective for expansion of the market, however, is attracting the attention of other countries apart from Brazil, including great producers of oil, like Venezuela and Nigeria. The Brazilian government itself has already made itself available to help other nations interested in this industry.

According to Daukoru, the government of his country wants to invest in local production of ethanol. This does not involve, however, government treaties, but business between private companies. "And Brazil may help in this respect," stated Finguerut.

Brazilian oil giant Petrobras itself has already announced its intention to invest heavily in alcohol export logistics in coming years and, according to the researcher, has been promoting close relations with the CTC. It was the state-owned company's proposal, according to him, to schedule the visit by the OPEC president.

"A little while ago there were no talks between the alcohol and oil sectors," he said, referring to the novelty of the Nigerian's visit. Daukoru has been in Brazil since the beginning of last week and has already visited the Petrobras offices in Rio de Janeiro.

Finguerut said to the Nigerian that international alcohol trade has become viable after the price of the barrel of oil broke the US\$ 30 mark. "And he (Daukoru) said that the price of the commodity should not return to that level," explained the researcher. Nowadays the price of oil is around US\$ 70 a barrel.

At the CTC, the OPEC president was given a talk about the production of alcohol and learnt a little more about technologies that will make the fuel even cheaper.

"He was introduced to state-of-the-art alcohol production technology," stated Finguerut. Brazil produces over 400 million tons of sugarcane a year, almost half of which goes to the production of ethanol, the rest becoming sugar. In the last crop, the country produced around 16 billion liters of the fuel.

The CTC was born as a research center belonging to company Copersucar, one of the main sugar and alcohol producers in the world, but it was spun off in August 2004. It is currently a private organization turned to research and is funded by contributions from its associates, which are around 50% of the producers in the sugar and alcohol sector in Brazil.

OPEC was established in 1960, and includes 11 countries that are exporters of oil: Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and Venezuela.

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