

# Brazil, India close to settle sugar dispute

South American nation offers to share ethanol tech

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**INDIA AND BRAZIL** are close to settling their long-standing disputes on the sugar industry, with the South American nation offering to share technology on ethanol production.

The development came amid a few rounds of official level talks and a ministerial meeting between the two sides.

The offer on ethanol technology could be a clincher as India seeks to move fast on the use of biofuels for blending with petroleum fuels and for stand alone use in mobility.

"Brazil is saying they will share with us the technology for ethanol production. It is a positive thing. We should be able to get a good outcome (in talks)," an official who did not wish to be named said. The official, however, did not disclose the Indian offer in the negotiations.

Brazil is a top producer of sugarcane and ethanol. It is also a leader in ethanol-blended gasoline and has achieved 25% level. Flex-fuel vehicles, which can run on either gasoline or ethanol now have cornered a big market in Brazil accounting 83% of new light vehicle sales in 2022.

India aims to blend petrol with 20% ethanol by FY26 from 10% now. It is also experimenting with blending diesel with ethanol. It is also proposer and leader of the Global Alliance that was launched at its initiative at the G-20 Summit

## CONCILIATORY PATH

■ The offer on ethanol tech could be a clincher as India seeks to move fast on use of biofuels for blending with petroleum

■ Talks are ongoing and there's no certainty for a transaction, source said

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in New Delhi on September 9. It was launched by Prime Minister Narendra Modi along with leaders of the US, Brazil, Argentina, Italy, Singapore, UAE, Mauritius and Bangladesh. All global automakers have flex fuel engine vehicles, and late last month roads and highways minister Nitin Gadkari launched India's first electrified flex-fuel car made by Toyota.

Apart from reducing the import bill of petroleum crude oil and helping in decarbonisation of transport, ethanol is being pushed by the Indian government to boost farm income. According to some reports, ethanol can boost income of sugarcane farmers by 15%. With farmers making additional money from ethanol, the pressure to increase the prices of sugar remains muted. It also adds to liquidity and profitability of sugarcane processors.

The India-Brazil sugar dis-

pute is significant as it involves two of the world's largest sugar producers. The outcome of the dispute could have a major impact on the global sugar market.

The sugar dispute between India and Brazil began in 2005, when India challenged Brazil's sugar subsidies at the World Trade Organisation (WTO) arguing that they were distorting the global sugar market and harming Indian sugar producers. The WTO ruled in favour of India, and Brazil was required to reduce its sugar subsidies.

However, the dispute has continued, with India and Brazil exchanging accusations of violating the WTO rules.

In 2019, Brazil challenged India's support measures for sugarcane producers and export subsidies for sugar. Brazil claimed that these measures were inconsistent with the WTO's Agreement on Agriculture (AoA).