



May 22, 3007

US

## Expert says Brazil could meet world's gas needs

Brazil could meet the entire world's demand for gas if there were a global switch to ethanol, according to an expert in bio-fuels.

"I have made the calculations. If one-fourth of Brazil's territory were planted for bio-fuels we could provide the entire world's needs for gas," said Professor Luis Cortez, Vice-Coordination on a project for the expansion of ethanol production in Brazil and a professor at the State University of Campinas.

"Another question is if we'd really want to do it — and would it be politically possible," Cortez added, stressing that he didn't want to Brazil to become a future Saudi Arabia based on its ethanol production. "Brazil can be a big supplier of ethanol. I don't see any other country, I wish there were, but there isn't," Cortez said.

Cortez was speaking on a panel at Europe's 500 "European Growth Summit: Growth is East and Green" hosted at the Barcelona campus of IESE, one of the world's leading business schools.

Cortez also made a call for the responsible production of bio-fuels.

"For me it's not too clear why some people are making bio-fuels," said Cortez. "If you are making fuel from corn, then really you are just making a disguised gas," which has high emissions.

Cortez argued that bio-fuels should only be made if they are "clean," with a policy to lower emissions.

According to Cortez, for this reason the use of corn for the production of bio-fuels is not ideal, whereas sugar-cane could be. Otherwise it is just a policy to meet "social demands," Cortez said, alluding to recent measures in the United States to implement funding of bio-fuels.

"It is very wrong to make bio-fuels from food crops. You have to design and develop an industry that is responsible," Cortez said. "If we want to be serious about bio-diesel, then we need to redraw the entire industry."

Cortez said that to date Brazil has been able to balance present technology and demands to be not only the world's leading producer of sugar to be used by consumers, but also for the making of ethanol.

### Shortage Of Raw Materials Casts Cloud Over Bio-Fuels Sector

"Right now the situation in bio-fuels is tough given the gold rush into the sector" is creating a shortage in raw materials, "said Ali Namdar, founder of Next Oils — Bio Oils and Fuels. "If this problem cannot be solved, then I don't see much of a future for bio-fuels."

Namdar said the problem is compounded by the lack of acreage in Europe to meet demand

and rising land prices, as well as counter-productive measures such as tariffs on raw materials, which he argues are being implemented at the behest of big oil to prevent competition.

"It's no secret that if things continue people in Mexico won't be able to eat tortillas because of rising corn prices," Namdar said, adding that "there are already crops that the industry can use without taking away from food sector," "The emphasis should be on developing special crops (that are not food crops), and that is something that we are working on," he added.

"Bio-fuels are too costly to make. When you compare to the oil sector the margins are too small," agreed Cortez who said that 70 percent to 80 percent of the current costs in bio-fuels is related to the price of raw materials.

According to Cortez, bio-fuel costs will come down via the implementation of new technology, "which will raise margins and make it then attractive for the oil companies." Such new technologies could include the development of new crops or strains that would even improve such elements as photosynthesis, Cortez said.

Still, Cortez noted that 40 percent of all light vehicles in Brazil already run on ethanol. "Ethanol is ready. There is nothing to do," he said.