

Voluntary Report – Voluntary - Public Distribution

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Report Name: Colombia Decreases Ethanol Blend Mandate from E10 to E4

Country: Colombia

Post: Bogota

Report Category: Biofuels, Agricultural Situation, Trade Policy Monitoring

Prepared By: FAS Bogota Staff

Approved By: Adam Klein

Report Highlights:

On March 31, 2021, the Government of Colombia (GOC) issued a joint resolution to decrease the ethanol blend mandate from 10 percent (E10) to 4 percent (E4) starting on April 1, 2021. The measure establishes that the mandatory blend rate will gradually return to E10 in September 2021. The measure attributes the blend mandate change to inclement weather that impacted domestic production as early as January 2021. It also attributes this change to increasing U.S. ethanol prices that discouraged imports.

General Information:

The Colombian Ministry of Mines and Energy (MME) regulates Colombia's biofuel policy. Since 2005, when Colombia's implementation of ethanol blend mandates started, it has changed and been applied inconsistently across the country. In some cases, the MME has removed the blend mandate entirely for periods of time mainly due to a shortage of domestic production. Since mid-2017, Colombia has maintained an ethanol blend mandate between E8 and E10 in most of the country due to increasing ethanol imports, primarily from the United States, and steady local production. On March 31, 2021, MME, and the Ministries of Agriculture and Rural Development and Environment and Sustainable Development, issued Resolution 40100 of 2021. According to the resolution, starting on April 1, 2021, Colombia will decrease the ethanol blend mandate from E10 to E4. Subsequently, the blend mandate will increase to E6 in July 2021, to E8 in August 2021, and to E10 in September 2021, subject to the issuance of new MME resolutions.

Resolution 40100 states that excessive rains from *La Niña* weather phenomena in sugar cane producing regions affected the sugar cane harvest resulting in a shortage of raw material. In addition, some ethanol plants are planning to close operations in April and May due to technical maintenance. Since late 2020, increases in corn-based ethanol prices are correlated with the increase in corn prices. Coupled with the countervailing duty (See GAIN Report: [Colombia Imposes 2 Year Duty on US Ethanol After CVD Investigation](#)), the international price increase resulted in decreased market competitiveness compared to sugar-based ethanol, discouraging imports. In 2020, Colombia was \$121 million export market, making it the sixth largest market globally for U.S. ethanol.

Colombia's monthly gasoline consumption is approximately 156 million gallons, which puts ethanol demand at close to 16 million gallons per month. When all plants are operating at full capacity, Colombia's ethanol production is estimated at 13 million gallons per month. However, per historical production figures, sugar-based ethanol production is capped at only 9 million gallons per month, indicating that approximately 40 percent of Colombian demand is supplied by imports. With the new regulation in place, Colombia's monthly ethanol demand will decrease to 6.2 million gallons per month.

In March 2018, Colombia introduced E10 to help with high levels of pollution in major metropolitan cities and to contribute to Colombia's climate change commitments under the 2015 Paris Climate Conference (COP21). Reducing biofuels mandated blends would reverse Colombia's previous efforts to improve air quality.

Below is an unofficial translation of [Resolution 40100 of 2021](#):

Resolution 40100 of 2021 establishes:

Article 1. *As of April 1, 2021, establish the fuel alcohol content - ethanol in the mixture with ordinary motor gasoline and extra fossil motor gasoline, which is distributed nationwide in the departments that currently have a defined oxygenation program, that is, those that at the date of issuance maintained a mixture of ten percent (10%), in the following percentages:*

- Ninety-six percent (96%) of ordinary and extra fossil motor gasoline*
- Four percent (4%) of fuel alcohol - ethanol*

Paragraph 1. The service gas stations will have a maximum term of fifteen (15) calendar days, counted from the entry into force of this administrative act, to distribute the oxygenated regular and extra motor gasoline that is stored in their tanks and that do not comply with the mixing level established in this resolution. After the aforementioned period, all the fuel distributed by said service gas stations must comply with the blend mandate percentage as provided in this article.

Article 2. As of July 2021, the fuel alcohol-ethanol content in the mixture with regular motor gasoline and with extra motor gasoline, which is distributed nationwide in the departments that have a defined oxygenation program, will return to the mandatory mixing level of ten percent (10%) in a staggered manner according to the level established in Resolution 4 0185 of 2018 or the one that repeals or replaces it, in accordance with the table below:

Table 1. Percentages of mandatory blending of fuel alcohol in regular and extra motor gasoline distributed in the national territory.

Effective during the month of:	Fuel alcohol content in regular and extra motor gasoline, expressed as a percentage
July of 2021	6%
August of 2021	8%
September of 2021	10%

Paragraph 1. The percentages of fuel alcohol content in regular motor gasoline and in extra motor gasoline that are dealt with in this article, for each month, will come into effect once the administrative acts related to the producer's income of fuels and biofuels for each of the months of July, August and September 2021, as the case may be.

Paragraph 2. Once the percentages of fuel alcohol content in regular motor gasoline and extra motor gasoline come into effect in accordance with the previous paragraph, the service gas stations will have a maximum term of fifteen (15) calendar days to distribute the oxygenated gasoline that is stored in their tanks and that does not meet the mixing level established in table 1 of this article. Upon expiration of the aforementioned term, all the fuel distributed by said service gas stations must comply with the mixing percentage as provided in this article.

Article 3. For all the mixture levels established in this resolution, including the stepped increments defined here, a value of + or - 0.5% of the fuel alcohol content in the mixture with regular motor gasoline and with extra motor gasoline is accepted as a percentage tolerance margin.

Article 4. This resolution enters into force from its publication in the official gazette.

Attachments:

No Attachments.