

Voluntary Report – Voluntary - Public Distribution

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Report Name: Colombia Will Not Resume E10 Blend Mandate in 2021

Country: Colombia

Post: Bogota

Report Category: Biofuels, Agricultural Situation

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Report Highlights:

On March 31, 2021, the Government of Colombia issued a resolution to decrease the ethanol blend mandate from 10 percent (E10) to 4 percent (E4) starting on April 1, 2021, then gradually returning to E10 by September 2021. Colombia increased the blend mandate to E7 and E8 in July and August. On August 12, 2021, a new Government resolution decreased the ethanol blend mandate to E6 for a 3-month period starting in September 2021. The new measure will increase the blend mandate to E8 in December and to E10 in January 2022. Colombia attributes these necessary measures to changes in the local supply of sugar-based ethanol, the international price of corn-based ethanol, the impacts of COVID-19 on the economy and fuel demand.

Background:

In March 2018, Colombia introduced E10 to address high levels of pollution in major metropolitan cities and to contribute to Colombia's climate change commitments under the 2015 Paris Climate Conference (COP21).

On March 31, 2021, Colombia's Ministries of Mines and Energy, Agriculture and Rural Development, and Environment and Sustainable Development issued [Resolution 40100 of 2021](#). Starting on April 1, 2021, the resolution decreased the ethanol blend mandate in gasoline from E10 to E4. Subsequently, the blend mandate would 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 that establish the monthly fuel and biofuel prices (See GAIN Report: [Colombia Decreases Ethanol Blend Mandate from E10 to E4](#)).

According to the Government of Colombia, the measure was taken in response of a shortage of raw material to produce ethanol since excessive rains from *La Niña* weather phenomena in sugar cane producing regions affected the sugar cane harvest in the first quarter of 2021. In addition, since late 2020, increases in corn-based ethanol prices, 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](#)) and the devaluation of the Colombian peso against the U.S. dollar, resulted in decreased market competitiveness of imported corn-based ethanol compared to the local administered price of sugar-based ethanol, discouraging imports. In the first part of 2021, U.S. fuel ethanol exports to Colombia decreased 42 percent from \$33.7 million (75.1 million liters) in 2020 to \$19.5 million (38.6 million liters) in 2021.

On July 8, 2021, the Ministries of Mines and Energy, Agriculture and Rural Development, and Environment and Sustainable Development, issued [Resolution 40216 of 2021](#). This regulation modified the percentages of mandatory blending of ethanol in gasoline established by Resolution 40100. The other provisions laid down in Resolution 40100 of 2021 remained unchanged. This measure established that the blend mandate would increase to E7 in July 2021 (instead of E6), to E8 in August 2021, and finally will resume to E10 in September 2021.

In accordance with the issuance of the monthly fuel and biofuel prices, effective from July 14, and August 14, 2021, the ethanol blend mandate increased to E7 and E8, respectively.

For the second time in 2021, Colombia decreases ethanol blend mandate

On August 12, 2021, the Ministries of Mines and Energy, Agriculture and Rural Development, and Environment and Sustainable Development, issued [Resolution 40261 of 2021](#). This resolution modified the content of fuel alcohol in the mixture of gasoline, the content of biodiesel in the mixture with fossil diesel and other provisions are dictated, to give continuity to the supply of fuels in the Colombian territory.

According to the Resolution 40261, Colombia will decrease the ethanol blend mandate from E8 to E6 for a 3-month period starting in September 2021. Subsequently, the blend mandate would increase to E8 in December 2021 and to E10 as of January 2022, subject to the issuance of new MME resolutions that establish the monthly fuel and biofuel prices. The measure was taken in response to a faster pace

increase in fuel demand due to economic recovery, biofuels lower local supply projections associated to operational maintenance, and uncertainty in ethanol import volumes given high international prices.

Below is an unofficial translation of the Resolution 40261's table that establishes the ethanol blend mandates:

Article 1. The content of fuel alcohol - ethanol in the mixture with regular and extra fossil motor gasoline, which is domestically distributed by retail distributors or consumed by large consumers, will be determined in staggered increments, in accordance with the following table and in accordance with article 5 of this resolution:

Table 1. Months of entry into force of the mandatory percentages of fuel alcohol - ethanol in the mixture with regular and extra fossil motor gasoline, at the national level.

<i>Effective during the month of:</i>	<i>Fuel alcohol content in regular and extra motor gasoline, expressed as a percentage in each gallon or liter</i>
<i>August of 2021</i>	<i>8%</i>
<i>September of 2021</i>	<i>6%</i>
<i>October of 2021</i>	<i>6%</i>
<i>November of 2021</i>	<i>6%</i>
<i>December of 2021</i>	<i>8%</i>
<i>As of January 2022</i>	<i>10%</i>

The [Resolution 40261 of 2021](#) also establishes lower ethanol blend mandates for some border and isolated regions. In addition, biodiesel blend mandate also decreased from B12 to B10 and lower biodiesel blend mandates are established for specific regions.

Attachments:

No Attachments.