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## Bolivia

**Post:** Lima

### Bolivia Enters Ethanol Era

**Report Categories:**

Biofuels

Sugar

Agricultural Situation

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**Report Highlights:**

On March 8, 2018, Bolivian President Evo Morales announced the country would begin ethanol production. The ethanol mandate will require that gasoline be blended with at least 10 percent ethanol beginning in 2018, then rise to 25 percent in 2025. Bolivia will produce ethanol from sugar cane and sorghum. Both government and private sector are supportive of the program that will have a positive impact on the Bolivian economy. The government sees ethanol production as an opportunity to substitute gasoline imports.

**General Information:**

On March 8, Bolivian President Evo Morales chaired a signing ceremony of a memorandum that will enable Bolivia to begin ethanol production. The memorandum between the Ministry of Hydrocarbons, the state-owned oil company YPFB and the Private Entrepreneurs Federation of Santa Cruz, aims at producing 80 million liters of ethanol in 2018. According to government officials, Bolivia would reduce gasoline imports to about \$60 million per year once the mandate is fully implemented.

The goal of this public-private agreement is to reach an ethanol production of 380 million liters of ethanol by 2025. The ethanol mandate will begin at 10 percent in 2018 and gradually increase to 25 percent through 2025. President Morales underscore the importance of this agreement for substituting imports and strengthening relations between the private sector and the government. He also mentioned that his administration would amend the regulation to allow imports of flex fuel cars as well.

In response to this initiative, Bolivia's sugar producers expect to increase planted cane area from 150,000 hectares to 305,000 in the next eight years with an estimated investment of \$1.6 billion. Industry representatives have highlighted the positive economic impact that this energy policy will have in the Bolivian economy, including a GDP increase of 0.2 percent, \$480 million in import substitution, 27,000 new direct jobs, and reduction of carbon dioxide emissions by 6 percent. Both private sector and the government have been supportive of the implementation of the Bolivian ethanol program.

FAS Lima has been working closely with the U.S. Grain Council to promote ethanol use in Bolivia. Activities have included capacity building and sharing technical information (See FAS Lima report: [Possible E10 Mandate in 2018|Biofuels Agricultural Situation|Lima|Bolivia|12/22/2017](#)). In December 2017, Bolivia's private sector organized a conference to discuss the benefits of implementing an ethanol program. The conference was well attended by private sector representatives and government officials, including the Vice President and the Ministers of Energy and Planning.