

ADDRESS GIVEN BY MR. VIVEK M. PITTIE, PRESIDENT, ISMA, IN THE SEMINAR ON “SUSTAINABLE MOBILITY: ETHANOL TALKS INDIA” HELD ON 24TH FEBRUARY, 2020 AT TAJ MAHAL HOTEL, NEW DELHI.

Dear J.S. (Sugar), Govt. of India, J.S. (Petroleum), Govt. of India, Dr. Evandro Gussi, President & CEO, UNICA, Mr. Flavio Castellari, Executive Director, APLA, Minister Elias Santos, Ministry of Foreign Affairs, Brazil and Dr. Plinio Mario Nastari, President, DATAGRO,

On behalf of the Indian sugar industry, I would like to welcome all our special guests from Brazil who have made the effort of travelling all the way to Delhi to share their experience and expertise with us, which in turn, should help in improving ethanol blending levels in India. We are honoured to have amongst us two very important Government officials today, namely the Joint Secretary (Refinery) from Ministry of Petroleum and the Joint Secretary (Sugar) from Ministry of Food, who are not only responsible for framing policies on ethanol production and blending, but are playing very important roles to encourage all of us in our efforts to increase ethanol production and blending across the country.

2. Thanks to the efforts made by Indian sugar mills along with the sugarcane farmers to improve sugarcane varieties, India has now become a structural surplus sugar producer. From an average of around 26-27 million tons of sugar production about 3-4 years back, the new average annual sugar production is now at about 32-33 million tons. This increase is not because of increase in the acreage under sugarcane, but because the new varieties are giving us much higher sugarcane yields and sugar recoveries, especially in the Northern part of the country.

3. Thus, ethanol in India is being looked at with all seriousness as a product. It can help us in reducing some of the surplus sugar production. Current sugar consumption levels are at around 26 million tons and, therefore, if in a normal year, we are going to produce enough sugarcane to give us around 32-33 million tons of sugar, we will be burdened with 6-7 million tons of extra sugar every year. If the global sugar market is

not viable for Indian exports, the only alternate is to divert some of the sugarcane juice and 'B' heavy molasses away from sugar, into ethanol production.

4. With this in mind, we intend to invest more into ethanol production capacities. The fact that the Government of India has been very positive towards the ethanol blending programme became evident, when they started fixing different ethanol procurement prices for different feedstocks used by the ethanol producers. There is an assurance from the Government that all the ethanol that will be produced, will be bought by the oil companies. At 10% ethanol blending, the country requires 4 to 4.5 billion litres annually, whereas the current capacities of ethanol production are about 3.5 billion litres. However, the highest production was last year when we produced almost 1.9 billion litres to achieve around 5% blending. In other words, there is already a supply-demand gap and we are unable to meet the demand of even 10% blending.

5. The Government has already fixed standards for 20% ethanol blending in the country, and, therefore, there does not seem to be any problem as far as the demand is concerned. At the same time, as mentioned above, we have enough feedstocks but what is missing is adequate ethanol production capacities in the country.

6. From whatever interactions we have had with our friends from Brazil, we understand that in the 80s and 90s of the previous century, the Government of Brazil has been extremely positive and supportive in developing the ethanol sector in Brazil. There was a strong support from the President of Brazil himself, to provide loans and funds to finance new ethanol projects. The automobile sector also had been very supportive, along with the oil companies, in encouraging higher ethanol production and in increasing ethanol blends with gasoline. They have adapted themselves to the changes in the past decades.

7. We, in the Indian sugar industry, believe that it is a great opportunity to hear from the experts from Brazil who have, in the past few decades, been directly involved in policy making to increase ethanol production, set up new capacities, encourage the automobile manufacturers and the oil companies through various policy initiatives to respond positively in order to achieve higher and higher blend percentages. There is a

lot to learn from the success that Brazil as a country has achieved in ethanol production and in attaining the highest blend levels in the world. The flexibility that the programme gives to the sugar factories in Brazil to produce more sugar or more ethanol, as per global prices, has made the Brazilian sugar industry more robust.

8. I have not come here to speak, but have come here to listen to all the experts who have travelled all the way from Brazil to India and to learn from them.

On behalf of the Indian Sugar Mills Association, my best wishes and thanks to all of you.