

Brazil biodiesel sector pushes for B16 while government promises progress but gives no timeline: Biodiesel and Biokerosene Forum

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The frustration in the biodiesel supply chain, over the delay in raising the mandatory blending rate from B15 to B16, set the tone in the Third Biodiesel and Biokerosene Forum that was held in São Paulo, Brazil, during the week of May 12-16.

The sector considered the delay to be unjustifiable given the amount of installed but idle capacity and the competitiveness of biodiesel versus imported diesel.

The event was organized by Ubrabio (Brazil's Union of Biodiesel and Biojetfuel) and the Fenagra trade fair.

The lack of a defined timeline for raising the blend marked both the discussions among officials and executives inside the forum, and conversations with exhibitors and visitors across the trade fair floor.

These discussions came at a time when market participants need to plan feedstock purchases, with soybean oil prices falling with the advance of new-crop crushing, while Brazilian beef tallow has become more competitive for export.

Government commits to biodiesel but gives no timeline for B16

Brazil's Vice President, Geraldo Alckmin, said in a video shown at the opening of the forum that the mandatory blend will rise to 16% "once the studies confirm its viability," while Congressman Alceu Moreira, president of the Parliamentary Front for Biodiesel (FPBio), questioned why Brazil did not have the confidence to adopt higher biodiesel blending levels "in the times of crisis we are in right now."

"Why is not it moving, why is not it already B17, what is the problem?" Moeira asked during a presentation at the forum. On his way out of the event, the congressman told journalists that he intended to propose a bill to require the biodiesel blending increase.

The secretary of petroleum, natural gas and biofuels at the Ministry of Mines and Energy, Renato Dutra, said in a video on the second day of the event that the federal government has an “absolute commitment to the policy and to advancing this biodiesel blending level in Brazil” but he did not give a timeline for B16.

“We want to make B20 and B25 viable, and we will do it,” he said. “We are conducting, within the scope of the CNPE, the largest and most robust testing plan ever carried out of this nature in Brazil, and in the world, for biodiesel.” According to Dutra, the execution of the testing plan will begin this month, with the first trials scheduled at the Mauá Institute of Technology.

Dutra also said that the regulatory decree for the National Program for Sustainable Aviation Fuel (ProBioQAV) has been completed “in broad dialogue with various sectors and is currently at the Chief of Staff’s office, in the final stage before publication.”

ANP, EPE signal regulatory readiness, call on market to invest

The director-general of the National Agency of Petroleum, Natural Gas and Biofuels (ANP), Artur Watt, said that the agency saw the need for investment in research and development to complete testing at higher percentages.

“We see this search for biofuels, including imported ones, and we have a path for Brazil in exports, to strengthen our economy and also to increase domestic consumption,” he said.

Amanda Gondim, ANP’s superintendent of technology and environment, highlighted the progress on the regulation of the Fuels of the Future Law.

“We already worked on biomethane. It was hard work, very close to the market. There is no point building in isolation,” she said. “Now we are also waiting for the SAF decree. It is coming. The ANP is ready to receive it and work on SAF regulation.”

She noted, however, that now the sector “also needs to organize itself and invest... We can create the environment, but whoever executes is the market,” she said.

On biodiesel, the question was no longer whether the percentage will rise but rather how to ensure quality, stability and technological evolution, Gondim said. “To grow in percentage, we need to keep advancing in quality. And that requires investment in research.”

Heloísa Borges, director of petroleum, gas and biofuels studies at the Energy Research Office (EPE), presented projections for biodiesel production growth through to 2035, and said that an update to the study on health benefits and quality of life from biofuel use was under way.

This was already considering B15, with methodological improvements over the study that was done with B10, and with publication expected between September and October of this year.

She also echoed Gondim on the need for the market to act, stating that there was still “opportunity for investment in new SAF plants in Brazil.”

Petrobras deepens strategic ties with biodiesel sector

William Nozaki, executive manager of Integrated Energy Transition Management at Petrobras, announced that the company was seeking to admit PBio (Petrobras Biocombustíveis) as an associate member of Ubrabio, signaling a strategic rapprochement with the biodiesel sector.

He said that Petrobras' strategic orientation was to "strengthen our presence" in the sector. He highlighted that Petrobras saw partnership opportunities both in the domestic and international markets.

"At this moment, for Petrobras, the main synergies with the company's operations and with the country's needs in advancing the energy transition - without losing sight of energy security - necessarily pass through biofuels," Nozaki said. "It is essential that Petrobras participate in this process in the coming years."

Petrobras president Magda Chambriard reaffirmed in a video sent to the event the company's investments in SAF and co-processed jet fuel, green diesel and co-processed diesel, ethanol, biodiesel, biomethane and bunker fuel with a renewable share.

"Biodiesel has great potential in maritime transport beyond the already consolidated road transport market," Chambriard said. "We will advance on the mandates as the law establishes, with technical backing and solid testing that give users peace of mind, [and gives] predictability to the sector and confidence to investors."

Sector 'is ready' for higher blending mandates

Among the sector's key leaders, the tone was one of pressure for higher blending levels.

"We are in the middle of the road [but] we have potential for much more," the president of Ubrabio's Superior Council, Juan Diego Ferrés, said. "Sometimes, I struggle to understand some policies that find it difficult to add 1% even in the face of a war, and the spike in oil prices from one hour to the next, and even with the realization of a crisis because a war means a 20% reduction in oil supply."

Ubrabio's executive director, Donizete Tokarski, added that biodiesel plays a fundamental role in Brazil's development. "We increasingly need to build solid public policy... that provides predictability and legal certainty," he said.

Brazil's biodiesel production chain, which currently has 60 plants, has idle installed capacity and Brazil imports 25% to 30% of the diesel it consumes, Irineu Boff, Ubrabio's vice president of tax affairs, and founder of Oleoplan, said.

"So we could contribute more, we just need government authorization," he said. "We could add more - the law allows as much as 20%. We currently add 15%, and there was already a schedule to raise it to 16% in March this year, but for technical reasons - something of that sort - it has not been implemented yet.

"We could, if this process were accelerated, add 17%, which would reduce our dependence on importing so much diesel, and today that import is more expensive than the biodiesel we produce here domestically," he added.

André Lavor, chief executive officer of biodiesel producer Binatural, advocated for the scaling-up of mandates because the sector has capacity exceeding 15 billion liters per year and is producing around 10 billion liters per year.

"There are conditions to supply a blend that could be at 20%," Lavor said. "We have capacity, we have scale." He also presented biodiesel applications in sectors beyond road transport, such as thermoelectric power generation, rail transport, mining and power generation in isolated systems, and noted that, with the advent of AI, data centers can use biodiesel to power generators.

Maritime biofuels discussion gains strength in Brazil

Flávio Mathuiy, adviser to the Coordinating Commission for International Maritime Organization Affairs, claimed that Brazil's work in "deconstructing narratives" against biofuels at the IMO (International Maritime Organization) was yielding results, with the carbon footprint of Brazil's second-crop corn ethanol recently being approved as a maritime fuel by the organization.

"This is emblematic because the notion that 'first-generation fuel is not allowed' is falling apart," Mathuiy said, adding that the expectation was that, in the future, this will also happen for sugarcane ethanol and biodiesel.

Mathuiy said that European shipowners were already approaching Brazil as a "priority partner for the use of biofuels" in the maritime sector. Demand for fuels in international maritime transport was 300 billion liters per year, with conservative scenarios pointing to 10% to 30% being covered by biofuels, he added.

"The energy transition is under way, with or without Brazil," he said, adding that it was necessary to "think outside the box" to accelerate the process in regulatory terms while looking broadly at the market.

Also at the event, the Brazilian Network for Sustainable Navigation Fuel was officially launched, complementing the existing Brazilian Network for Sustainable Bioerosene and Hydrocarbons for Aviation (RBQAV).

Biodiesel a lever for agroindustrial chain

The argument that biodiesel was a lever for the agroindustrial chain was also debated at the event, from the perspective of feedstocks and co-products.

"We have soy as the main feedstock but see enormous diversification potential with corn, cotton, canola and palm oil," Eduarda Lee, technical adviser at the Brazilian Confederation of Agriculture and Livestock (CNA), said.

"And we have co-products that generate value and ensure the economic viability of the business," he added, "and here I highlight soymeal, which is at the base of poultry and swine feed, and glycerin, which is a very important co-product that, beyond use in livestock, will have other uses [in sectors] such as pharmaceuticals and cosmetics."

The growth in soybean production was aligned with the growth in biofuel production, Fabrício Rosa, executive director of the Brazilian Association of Soybean Producers (Aprosoja Brasil), said.

“Today, one-quarter of our soybeans are crushed to meet this biodiesel demand,” Rosa added. He noted that Brazil has never had problems with food supply or honoring export commitments, even with harvests compromised by regional losses.

Carolina Grassi, director of Partnerships and Engagement at the Roundtable on Sustainable Biomaterials (RSB), said that the debate on ILUC (indirect land use change) was gaining influence, and that Brazil needed to be present in the discussions.

She also identified three bottlenecks for Brazil to access international markets: economic viability and predictability, meaning production and competition with other markets; credibility through sustainability certification for a case-by-case deconstruction of the association between Brazil and deforestation; and communication of what Brazilian production actually looks like.

“This alignment between the Brazilian government, organizations and participation in international forums is fundamental - bringing external actors to Brazil, inviting them to come to the field to see the production, to see what macaúba, soy, sugarcane, canola, carinata and corn production looks like,” Grassi said. “Looking at this is laborious but necessary.”

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