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Sulfur Reduction Remains Top Priority with Varying Biofuel Use in Latin America

Stratas Advisors

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From among the countries that comprise Latin America, the majority have made progress in advancing fuel quality specifications for diesel and gasoline, expanding the use of biofuels and transitioning to Euro based vehicle emission standards to improve air quality. The trend in the region continues to be reductions in sulfur content for gasoline and diesel, in which several countries have made progress in recent times while others have plans in place to achieve this goal in the future.

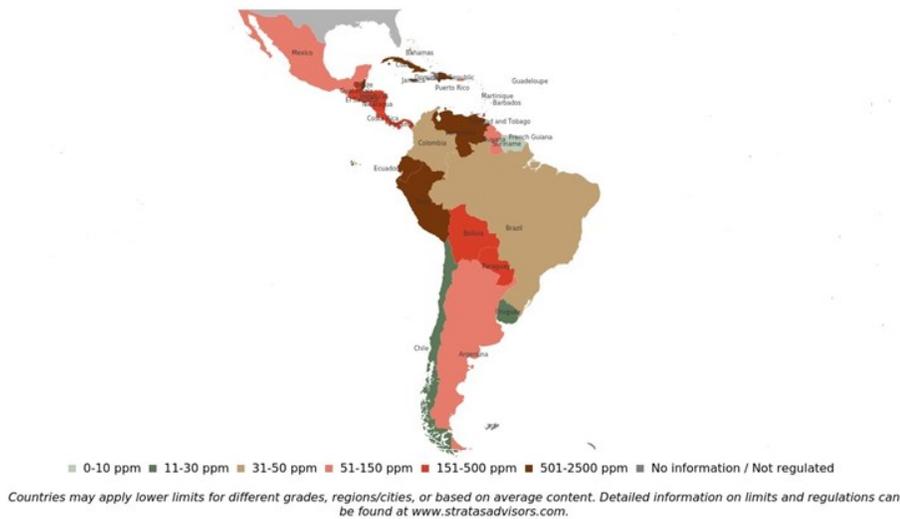
Moreover, along with improving fuel quality specifications, countries in the region are also working towards increasing the maximum allowable blending limit for biofuels integrated into gasoline and diesel. As the year progresses, several countries in the region are expected to increase the biodiesel or ethanol blend volumes in a progressive manner or as a single action. From what has been demonstrated in the past and continues in present day, each country continues to make progress towards providing cleaner burning fuels to implement or meet more stringent emission standards for their respective vehicle fleet.

From the various grades of gasoline utilized in the region, the sulfur content varies from 10 ppm to 1,000 ppm (see map below). Yet despite the range in sulfur content, countries often sell more than one gasoline grade, each with a different maximum sulfur limit. Among the countries that market more than one grade, Peru offers 50 ppm and 1,000 ppm sulfur gasoline in the country. In this particular instance, Peru markets 50 ppm sulfur gasoline across the majority of the country yet offers the 1,000 ppm sulfur grade for use by aging vehicle fleet and in two specific regions in which their population reside in less populated and more remote areas that may not gain the benefits of using a lower sulfur content gasoline.

Generally for gasoline, there are very few gaps observed between current gasoline quality and vehicle emission standards in most Latin American countries. However, in Argentina and Peru, their gasoline fuel quality requirements continue to lag behind vehicle emission standards. For example, Argentina currently requires Euro 5-equivalent emission standards which in turn require 10 ppm sulfur gasoline. However, Argentina continues to allow up to 150 ppm sulfur in gasoline.

As the year progresses, the countries in Latin America may continue to improve the fuel specifications and vehicle emission standards for the respective fuel and targeted vehicle fleet. From what has been seen over the past year and what is planned for this year, countries that are considering a reduction in the sulfur content of their on-road fuels may determine to take action in 2022 based on the progress made by neighboring countries. With potential for that to occur, countries such as Argentina may determine to advance their plans to improve the fuel quality and vehicle emission standards currently in place. Besides Argentina, other countries such as Brazil, Colombia, Mexico and Peru further plan to reduce fuel sulfur and/or improve vehicle emission standards to Euro 4/IV and above between 2022-2030.

Current Gasoline Sulfur Limits in Latin America



Source: *Stratas Advisors, March 2022*

The 14 countries covered in this report include: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Mexico, Paraguay, Peru, Suriname, Uruguay and Venezuela. The information included in this report discusses recent developments for emission standards, gasoline, diesel, and biofuels specifications that occurred since the last report (see Insights, [Feb. 24, 2021](#)).

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