

Panama Moves Forward with the Use of Anhydrous Bioethanol in Gasoline

In March 2025, the country's authorities officially announced the implementation of a National Bioethanol Blending Program in gasoline, a strategic project for the nation that is progressing and will bring multiple benefits not only for environmental matters but also for the national economy.

The regulations applicable to this activity were updated through Law No. 355 of January 31, 2025, which amended Law No. 42 of April 20, 2011, Establishing the guidelines for the national policy on biofuels and electric power from biomass in the national territory."

According to Article 8 of Law No. 355 of 2023, individuals participating in the production process of raw materials for bioethanol production will benefit from a ten-year exemption from import tax, a five-year exemption from the transfer tax on tangible goods and services, a ten-year income tax exemption, and an indefinite exemption from income tax on revenues from the sale of Carbon Bonds.

The current schedule for the use of anhydrous bioethanol as an oxygenating additive blended with gasoline was established by the National Energy Secretariat through Resolution No. MIPRE-2024-0010789 of March 27, 2024, published in Official Gazette No. 29998-B on the same date. Its implementation will proceed as follows:

1. As of April 1, 2026, a 5% blend in Panama Province, north up to the Chagres River; east to the 24 de Diciembre district; and west to the banks of the Panama Canal. In West Panama Province, in the districts of La Chorrera and Arraiján.
2. As of September 1, 2026, the 5% blend will apply nationwide.
3. As of April 1, 2027, the blend will increase to 7% nationwide.



4. As of April 1, 2028, the blend will increase to 10% nationwide.

The Coordination and Monitoring Commission for the Biofuels Program—comprising the National Secretary of Energy, the Minister of Commerce and Industries, and the Minister of Agricultural Development—is responsible for conducting the corresponding evaluations and diagnostics of biofuels in the energy sector during the preparation stage for the program's implementation.

The Coordination and Monitoring Commission was officially established on February 19, 2024, and defined the roadmap for implementing anhydrous bioethanol blends with gasoline.

According to authorities, the National Bioethanol Blending Program in gasoline could generate more than thirty thousand (30,000) direct and indirect jobs and boost investments over the next five years of approximately USD 400,000,000.00, representing more resources for agriculture and industry and a reduced dependence on fossil fuels.