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AUSTRALIAN SUGAR MANUFACTURERS

**BE WARY OF SIMPLE SOLUTIONS TO THE COMPLEX PROBLEM OF AUSTRALIA'S FUEL SECURITY**

Australian Sugar Manufacturers is urging policymakers to take a multipronged approach to strengthening Australia's fuel security, warning against overreliance on any single solution.

Chief Executive Officer of Australian Sugar Manufacturers, Ash Salardini said recent commentary suggesting electric vehicles (EVs) as the primary answer to reducing fuel imports risked oversimplifying a complex national challenge.

"Electric vehicles will play an important role in Australia's long-term energy mix, but they are not a silver bullet," Mr Salardini said.

"The cost of replacing one million vehicles with EVs to save a billion litres of fuel is estimated to cost \$40 billion, before factoring in the significant investment required in energy generation and infrastructure."

Mr Salardini noted that such a transition would require an additional 1.5 to 2 gigawatts of electricity generation capacity, equivalent to building a major new power station.

"At a time of global uncertainty, we must be careful not to swap one form of energy dependence for another."

Australia's fuel security remains highly exposed to global supply disruptions. The nation imports the majority of its refined fuels, much of which is linked to cruel oil supply chains originating in the Middle East, and only holds around 30 days of fuel reserves.

"With key global shipping routes under pressure and Australia holding less than the recommended 90 days of fuel reserves, the risks to our supply chains are real and immediate," Mr Salardini said.

While the Federal Government has taken steps to stabilise supply, including releasing reserves and adjusting fuel standards, Mr Salardini questioned whether these measures would be sufficient in the event of prolonged global disruption.

"This is why Australia must prioritise practical, scalable domestic solutions. One of the most immediate opportunities is increasing the use of ethanol in blended fuels," Mr Salardini said.

Australia currently produces around 370 million litres of ethanol annually, though a significant portion is not used for fuel. At the same time, domestic production capacity has declined, including the recent closure of the Dalby bioethanol plant.



“With the right policy settings, the sugar industry has the capability to significantly expand ethanol production,” Mr Salardini said.

“Even modest increases in ethanol blending could displace substantial volumes of imported fuel at a fraction of the cost of large-scale electrification.”

Expanding ethanol production by one billion litres would cost a few billion dollars, significantly less than the cost of transitioning one million vehicle fleet to EVs (\$40 billion).

“In the short term, ethanol can extend fuel supplies through blending. In the longer term, the industry can support sovereign capability through biodiesel and sustainable aviation fuels,” he said.

Australian Sugar Manufacturers is calling for stronger collaboration between government and Australia’s domestic ethanol industry.

“To date, engagement with the domestic ethanol sector on fuel security has been limited. This must change.”

“We have heard Shane Oliver, the Chief Economist of AMP, imploring Australians to use more E10, while Retired Deputy Chief of the Royal Australian Air Force, John Blackburn, has explicitly called for a national ethanol mandate.

“Energy security cannot rely solely on overseas supply chains. If Australia is serious about protecting its economy and communities, we must invest in a mix of solutions, including expanding domestic fuel production, increasing reserves, and supporting the gradual uptake of EVs.”

“Australia no longer has the luxury of choosing one pathway. We must progress all viable solutions, and this includes investing in our domestic ethanol sector,” said Mr Salardini.