

EU biodiesel output capacity rises 31%, but 50% of plants idle

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Biodiesel production capacity in the European Union rose by 31% to 212 million mt in 2009, the European Biodiesel Board said Wednesday.

But EBB data showed that at least 50% of the existing plants remain idle.

"This situation means that the important investment from the industry has so far not been mirrored by the corresponding market deployment," the EBB said in a statement.

The EBB added that the slowdown in the European biodiesel market was the result of "unfair" competition with US biodiesel (B99) imports and concerns that stipulations in an EU renewable energy directive might not be met.

Earlier this year, the EBB said that European imports of mostly US-sourced B99 biodiesel jumped 43% in 2008, as importers exploited US tax credits on the renewable fuel.

According to the association, biodiesel output in the European Union rose by 35.7% to 7.7 million mt in 2008, a slowdown in growth compared to previous years' figures.

The EU's biodiesel output rose 54% in 2006 and by 65% in 2005.

"The increase of biodiesel production in 2007 and 2008 is still not in line with the ambitious EU objective for climate change mitigation outlined in the recently published renewable energy directive 2009/28," the EBB said.

Despite the tough environment, the association expects the directive to be an important driver of the biodiesel market. The directive came into force last month.

The directive's 10% binding target for renewables consumption in the transport sector will require biodiesel production to reach 30-35 million mt of biodiesel by 2020, the EBB estimated. It had been feared late last year that the 10% target might not be achievable.

The EBB also said the anti-dumping duties imposed on US biodiesel (B99) imports last week by the EU would be a boost for the market. The EU slapped duties on US imports in a range of Eur213-409/mt (\$299-575/mt) which came into effect this week.

The EBB also expects the increasing EU mineral diesel deficit, which is expected to continue beyond 2030, to support the biodiesel market.

In 2008, biodiesel accounted for 78% of the biofuels consumed in the EU.
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