

EU biodiesel output up 35 percent, capacity growing

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PARIS (Reuters) - Production of biodiesel in the European Union rose by more than 35 percent in 2008 and capacity will grow again this year although half the plants are idle due to poor demand, the EU producers group said on Wednesday.

The Brussels-based European Biodiesel Board (EBB) said the European production of biodiesel, by far the main biofuel made in the bloc, had reached 7.76 million tonnes last year putting the EU's global market share close to 65 percent.

However, the EBB qualified the 2008 rise as "moderate" compared to the jump of 65 percent in 2005 and 54 percent in 2006 but the rise was only at 17 percent in 2007.

"In line with the trend initiated in 2007, the year 2008 saw a relatively small increase in EU biodiesel production, and even a reduction in two major producing Member States, Germany and Austria," the EBB said in a statement.

For detailed statistics of biodiesel output per country and estimates for the 2009 capacity, please click on

"This situation has to be understood primarily against the background of unfair international trade competition which has severely affected the profitability of EU biodiesel producers since early 2007," it added.

The EU last week endorsed a proposal by the Commission, the 27-member bloc's executive arm, to extend for five years its anti-dumping tariffs against cheap U.S. biodiesel imports. The move was welcomed by the EBB, which had complained that EU producers were being hammered by U.S. subsidies.

"This decision will help re-establishing EU producer's legitimate right to operate in a level-playing field," it said.

HALF EU PLANTS IDLE

In addition to a fall in demand mainly linked to strong U.S. competition, EU producers have also suffered from slumping margins as the fall in crude oil prices over the past year was not compensated by a similar drop in vegetable oils prices.

Even if the EU will have total biodiesel production capacity of close to 21 million tonnes this year -- a rise of 31 percent on the year -- the EBB said 2008 and 2009 statistics showed that at least 50 percent of existing plants remain idle.

"Unfair international competition has been the main driver of this trend, while the political discussions in 2008 on adoption of the Renewable Energy Directive have added to market uncertainty," it said.

In an interview with Reuters late May, the EU's largest biodiesel maker, France's Diester Industrie, said it was pausing in its investments until it knew the details, expected next year, of the implementation of the EU's target of 10 percent renewable energies in transport by 2020.

The share that will be allocated to biofuels to reach this target is still unclear.

(Editing by Peter Blackburn)

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