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Half of EU biodiesel capacity lies idle

Status report from European Biodiesel Board reveals frustration: While capacity continues to grow, demand doesn't. This puts EU targets for biofuels at risk.

Morten Andersen 16/07/2009 13:40

Competition from subsidized US producers and falling prices on traditional (mineral) diesel are given as the two main factors for frustration in the European biodiesel industry.

Encouraged by extensive political support from the European Commission and a number of EU member countries, a strong build-up has taken place over recent years. But half of the capacity lies idle due to lack of demand.

“Unfair international competition has been the main driver of this trend, while the political discussions in 2008 on adoption of the (EU) Renewable Energy Directive have added to market uncertainty,” the European Biodiesel Board states in a press release.

The EU has adopted a binding target of 10 percent renewables in the transport sector by 2020. This is estimated to require production of 30-35 million tonnes of biodiesel per annum. In 2008, production was 7.7 million tonnes, but could have been a little more than twice that amount: 16 million tonnes.

The European biodiesel industry hopes that recent EU measures to counteract imports of subsidized US biodiesel (so-called B99) will improve market conditions.

Also, political will to make EU less dependent on imports of traditional (mineral) diesel mainly from Russia could brighten the industry's prospects.

Despite idle capacity, the EU still produces close to 65 percent of all biodiesel worldwide. In 2008, biodiesel accounted for 78 percent of all biofuels consumed in the EU.

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