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Oilseeds and Products

Strong Growth Anticipated For EU Biodiesel Production

2005

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Report Highlights:

Biodiesel production in the European union has risen by 35 percent in 2004 compared to 2003.

EU biodiesel capacity may exceed 4 million tonnes by mid-2006.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E3]

The EU's biodiesel production capacity may exceed 4 million tonnes by mid-2006 as a result of the bloc's efforts to promote cleaner fuels, according to the EU's vegetable oil industry federation (Fediol). The European Biodiesel Board (EBB) confirms that biodiesel production in the EU has risen by 35 percent compared to production in 2003. The production in 2004 was estimated 1,85 million tons, and in 2003 1,45 million tons.

Some 80 percent of the EU biodiesel is made with rapeseed oil, and about one third of the rapeseed crop in 2004 was used for the production of biodiesel. Demand for rapeseed oil to produce biodiesel has surged in the past year as biofuel capacity has risen sharply due to efforts to reduce the EU's dependence on fossil fuels oil imports and to cut greenhouse gas emissions.

EU Biodiesel Production in 2004 and Forecast for mid-2006

Country	2004 Biodiesel Production ('000 tonnes)	Biodiesel Capacity Estimate by mid-2006 ('000 tonnes)
Germany	1,035	1,900-2,100
France	348	600-800
Italy	320	500-550
U.K.	n.a.	250
Austria	57	150
Poland	n.a.	100-120
Spain	13	70-80
Slovakia	15	70-80
Czech Republic	60	60-70
Denmark	70	30-40
Sweden	1	8-10
Ireland	n.a.	5

Source: Fediol and EBB

The European Commission is considering plans for oil-price linked tax-breaks for biofuels. Commissioner Mariann Fischer Boel revealed plans to set up an inter-departmental panel to look at special initiatives aimed at encouraging more biofuel production since biofuels would not be able to survive with the same taxation as gas and oil. Tax-breaks are one obvious solution.

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