



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Voluntary Report - public distribution

Date: 2/20/2007

GAIN Report Number: GR7003

Greece

Bio-Fuels

Biofuel Activity in Greece

2007

Approved by:

Geoff Wiggin
U.S. Embassy Rome

Prepared by:

Stamatis Sekliziotis

Report Highlights:

The Government of Greece (GOG) is aiming to produce 160 million liters (ML) of biodiesel and 400 ML of bioethanol annually by 2010. For a broader discussion of EU biofuel production and plans, please refer to reporting out of FAS Brussels.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Rome [IT2]
[GR]

There are at present four plants in Greece already producing biodiesel, with another six to enter into production within the next three years. These facilities are supported with funds from the EU and the GOG. The largest of them is scheduled to enter production in 2008 with an estimated total investment of € 10 million (about \$ 13 million) and an annual capacity of 50 ML of biodiesel. The GOG has provided tax incentives for the production of biodiesel, and is allocating the untaxed output to thirteen different distribution companies. In CY 2005 only 3 MLs of biodiesel were produced, and in CY 2006 some 73 MLs, of which 41 MLs were distributed. In CY 2007 114 ML will be allowed distribution with tax breaks; part of this will come from CY 2006 carry-over stocks, and the rest from 2007 production.

The Greek Ministry of Agriculture has agreed with the Hellenic Sugar Industry that the former will ask the European Commission for permission to convert two of Greece's five existing sugar plants into bioethanol production facilities. It is expected that the green light to begin the technical conversions will be given. If approved, Greece would dedicate some 50 percent of its current EU quota for sugar beet to meet the demand created by these two plants. The objective is to support the Hellenic Sugar Industry and sugar beet producers by giving them the option to continue cultivation of the crop. At full production these two plants would have a total output of 120 MLs of bioethanol. Some 80,000 metric tons of sugar beets will be needed, along with 53,000 metric tons of molasses (also from beets), and 265,000 metric tons of cereals. The Greek Ministry of Agriculture estimates that Greek farmers would receive over € 33/metric ton for beets and € 125/metric ton for the cereals.

Comment: Like many other countries, Greece sees biofuel production as creating new demand for its agricultural products and income for its producers. It will be interesting to see how aggressive pursuit of biofuel production affects food and feed availabilities, and inflation rates. Greece has a biofuel target provided by the European Commission of 5.75 percent of total fuel consumption by 2010. It is estimated that Greece could produce only about a third of the raw materials needed to meet this level of biofuel production. Increased imports of raw materials will be necessary, but with increasing global prices for these commodities, how much remains a mute question. It seems that something will have to give.

Greek Biofuel Production – Actual and Estimated

| Location | Installed Capacity (million liters) ¹ | Start Production ² | Type of Fuel |
|--|---|----------------------------------|-----------------|
| Kilkis, Central Macedonia | 40 | 2005 | Biodiesel |
| Kozani, Western Macedonia | 50 | 2008 | Biodiesel |
| Patras, W. Peloponnese | 60 | 2006 | Biodiesel |
| Ahladi, Phthiotis, C. Greece | 280 | 2006 | Biodiesel |
| Volos, Thessaly, C. Greece | 40 | 2006 | Biodiesel |
| Thessaloniki, Macedonia | 43 | 2005 | Biodiesel |
| Four Small Plants Planned | 50 | ? | Biodiesel |
| Total Biodiesel Capacity | 563 | 2008 | |
| Larisa, Thessaly, C. Greece ³ | 60 | 2009 | Bioethanol |
| Xanthi, Thrace ³ | 60 | 2009 | Bioethanol |
| Other forecast investments | 270 | 2010 | Bioethanol |
| Total Bioethanol Capacity | 390 | 2010 | |

¹ Only installed capacity is officially reported by the Greek Ministry of Agriculture. Actual production is lower as reported above.

² Raw materials used in Greek biofuel production (Biodiesel, bioethanol, and biogas) include soy oil, cottonseed oil, sunflower oil, imported rapeseed, sugar beets, cereals, food and animal organic wastes.

³ Hellenic Sugar Industry plant mentioned above.

³ Hellenic Sugar Industry plant.