



GLOBAL TRENDS

Biodiesel Industry Hits Snags in Germany – 2009/02

Biodiesel has been produced for the German market since 1999. The production and use of biodiesel was facilitated firstly through the agricultural policy of subsidizing the cultivation of non-food crops and the exemption for biodiesel from the mineral oil tax, which gave it a slight pump price advantage over regular diesel.

Production costs are significantly higher for biodiesel than for regular diesel; therefore, the market viability of biodiesel depended heavily on governmental support policies. German biodiesel producers are currently suffering a serious loss of sales in petrol stations as the government is increasing taxes on green fuels.

Under previous tax laws, German biofuels production increased from 200,000 tonnes to 3.4 million tonnes in 2007. But the imposition of excise taxes on biofuels (beginning in 2006) has made biodiesel non-competitive with conventional diesel, threatening the viability of the German biodiesel industry. By January 2008, it was reported that biodiesel manufacturers were taking apart factories to sell equipment to manufacturers in the U.S. and Canada.

Large biofuels companies, Verbio AG, Petrotec AG and Biopetrol AG, are expected to survive by cutting back production to service the German B5 mandate, but that the market for B100 has collapsed due to price hikes.

In January 2009, Germany's biodiesel industry association said it expected more plants to close in 2009 and that the sector was only working at about 60 percent of capacity.

On February 16, 2009, Swiss biodiesel producer Biopetrol B21.DE, announced a major corporate restructuring and on February 17 said that its major German biodiesel plants would continue output, but both would go on short-time working. (Note: Short-time working occurs when employees are laid off for a number of contractual days each week, or for a number of hours during a working day.)

Alberta announced its \$239 million bioenergy program in October 2006. On December 11, 2008, Alberta Energy announced a renewable fuels standard requiring a two per cent renewable content in diesel by 2010.

Source:

Biodiesel in Germany, Clean Technologies Information Pool, undated.
(<http://www.cleanairnet.org/infopool/1411/propertyvalue-19517.html>) February 18, 2009)

Update1 - Biopetrol says continues German biodiesel output, *Reuters*, February 17, 2009.
(<http://in.reuters.com/article/oilRpt/idINLH68259620090217>)

Retka Schill, Susanne, "Germany Retail Biodiesel Sales Plummet," *Biodiesel Magazine*, February 13, 2009.
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Kanellos, Michael, "Biodiesel on Death Bed in Germany Because of Taxes," *GreenTech*, January 16, 2008.

German biodiesel plants cut production by 50 percent, now at 10 percent of capacity as gloom grows for industry, *Reuters*, January 16, 2008.
(<http://www.biofuelsdigest.com/blog2/2008/01/16/german-biodiesel-plants-cut-production-by-50-percent-now-at-10-percent-of-capacity-as-gloom-grows-for-industry/>)

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