Biodiesel 2020: A Global Market Survey

"The global market for biodiesel is poised for explosive growth in the next ten years. Although Europe currently represents 90% of global biodiesel consumption and production, the U.S. is now ramping up production at a faster rate than Europe, and Brazil is expected to surpass U.S. and European biodiesel production by the year 2015," says William Thurmond, Author of Biodiesel 2020 and Director of Management Consulting at Emerging Markets Online.

"It is possible that Biodiesel could represent as much as 20% of all on-road diesel used in Brazil, Europe, China and India by the year 2020. If governments continue to aggressively pursue targets; enact investor-friendly tax incentives for production and blending; and help to promote research & development in new biodiesel feedstocks such as algae biodiesel, the prospects for biodiesel may become realized faster than anticipated. Biodiesel 2020 finds that each of these variables will be essential to the eventual success of these targets" author William Thurmond notes.

In the USA, the market for biodiesel is growing at an alarming rate. Biodiesel consumption in the U.S. grew from 25 million gallons per year in 2004 to 78 million gallons in 2005. Biodiesel production in the U.S. is expected to reach 300 million gallons by the end of 2006, and to reach approximately 750 million gallons per year in 2007. Demand for biodiesel in the U.S. has grown so fast in the first half of 2006 that the sixty five or so existing major biodiesel plants are barely able to keep up.

To meet this demand, over fifty new, larger-scale plants are in construction and are expected to come online between late 2006 and 2008. Not only will these fifty plants more than double the U.S. production capacity, but the size and production volumes of the new plants are much bigger on average.
The new study *Biodiesel 2020* observes geographic shifts in biodiesel production plants, distribution facilities and downstream locations into new areas and coastal regions. The biodiesel market in the U.S. has a significant amount of room to grow to reach the status of its European counterparts. In Europe, biodiesel represents 2% of total on-road transportation fuel consumption and is expected to reach 6% by 2010. The total biodiesel being sold in the U.S. amounts to less than 1/2 of 1% of all petro-diesel on-road consumption in 2005.

In this regard, there are promising growth indicators for the future of the U.S. biodiesel markets. The number of retail outlets for biodiesel in the U.S. grew more than three fold from 300 in 2005 to over 950 retail sites so far in 2006. Another growth push in the U.S. biodiesel industry is coming from all-star promotional campaign including Willie Nelson and Barry Switzer (both investors and executives in biodiesel companies) as well as Julia Roberts, Daryl Hannah, Luke Perry and Neil Young. U.S. politicians, prompted by concerns for energy security and environmental issues, are also making news promoting biodiesel as a vital renewable energy source.

In other parts of the world, biodiesel is becoming increasingly important as governments react to growing petroleum import dependency and enact new alternative fuels policies and targets. Economic and environmental security concerns are giving birth to new government targets and incentives in China, India, Brazil and Europe, aimed at reducing petroleum imports and increasing the consumption and production of alternative and renewable fuels.

Biodiesel is a natural fit in places like Europe, China, India and Brazil where diesel fuel is more commonly used in than it is in the U.S. In these markets, the prospects for biodiesel as a replacement for diesel are not only bigger in terms of total market share, but also in terms of conversion rates among existing drivers.

![European Biodiesel Growth by Country](image)

*With an eye on the future, Biodiesel 2020: A Global Market Survey provides forecasts and scenarios to the year 2020 for the U.S. and European markets as well as the "big emerging markets" of China, Brazil and India.*
For each of the global markets, this study has developed proprietary forecasts as a baseline to produce 2020 "Scenarios" for the U.S., Europe, China, India and Brazil.

For Brazil, China and India, the study includes long-term forecasts and year 2020 scenarios, each measuring growth in the diesel and biodiesel markets, as well as focusing on the potential for biodiesel growth.

The initial results from the study Biodiesel 2020: A Global Market Survey find that new developers, farmers, feedstock providers, producers, and investors who can meet growing demands for supply are expected to benefit from this emerging market. In addition, this study finds key advantages in the future will be available to producers and investors to supply future needs with new and improved technologies; alternative feed stocks with higher yields such as palm oil and algae biodiesel; production scalability and flexibility options; supply chain, distribution and co-location strategies; innovative risk management strategies; and industry-friendly government targets and tax incentives committed to promoting the awareness and growth of the industry.

More Information

Biodiesel 2020: A Global Market Survey was published in October, 2006. The study is 405 pages in length and is available for delivery in Adobe Acrobat/PDF format.

A prospectus of this study is now available via Emerging Markets Online at http://www.emerging-markets.com/biodiesel

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