

# BIODIESEL

M A G A Z I N E

The World of Biodiesel at Your Fing

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## Research: Australia biodiesel market has potential

by Erin Voegele

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Frost & Sullivan, a global research and consulting company, recently announced that it has prepared a new analysis of Australia's biodiesel industry. The report, titled "Strategic Analysis for the Australian Biodiesel Industry," found that direct government intervention is needed to spur expansion of the biodiesel industry in Australia.

While Australia once pioneered the development of biodiesel in the Asia Pacific region, the analysis concluded that an unfavorable tax regime and rising feedstock prices have dissolved the industry's potential. However, increased concern about global warming and political efforts to reduce carbon dioxide emissions are expected to be factors fueling the development of Australia's biodiesel market in the future.

Frost & Sullivan's research found that Australia produced only 60,000 metric tons (19 million gallons) of biodiesel in 2008, although the country has the capacity to produce 485,000 metric tons (152 million gallons) annually. If state and federal governments enact measures, such as biofuel mandates, to stimulate the market, the analysis forecasts production could grow up 230,000 metric tons (72 million gallons) by 2014.

In spite of high feedstock prices and a lack of support from major oil companies and weakening political support as a result of the food versus fuel debate, Frost & Sullivan Managing Director Mark Dougan said long-term prospects of the Australian market look strong – as long as there is more direct government intervention.

In addition to helping reduce Australia's oil deficit, biodiesel could also help reduce greenhouse gas emissions and provide an alternative market for local farmers. However, the analysis found that direct government support in the form of mandates or tax breaks is needed for the market to reach its full potential.

Dougan said without government support, the domestic biodiesel industry is likely to decline or disappear. Government measures, especially those requiring oil companies to market a specific percent of biodiesel by volume, would help revitalize the market, he added.

The Strategic Analysis of the Australian Biodiesel Industry is offered as part of Frost & Sullivan's Chemical and Materials Growth Partnership Service program. To learn more about the program and the analysis of Australia's biodiesel market, visit [Frost and Sullivan's Web site](#).

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