



## Canola Council's Diesel Digest

Canada's biodiesel industry - Keep the impact here

Vol. 1 Issue 15 - Nov. 29, 2006

- Canadians seized the opportunity to build an industry with the development of canola. Today, canola contributes over \$11 billion in economic activity to the Canadian economy.
- The technological advances in canola, however, require new markets to ensure production growth is sustained. The emergence of a domestic biodiesel industry would send a strong new demand signal to the canola industry.
- The demand signal alone is not sufficient to generate the investments in Canadian based facilities. In response to support programs in the US, production capacity is expanding rapidly. Investments are being made in the United States that will use Canadian canola.
- Canada needs policy incentives that support a "made in Canada" supply and maintain a competitive balance across North America.
- Everyday we delay is a day we fall further behind advances made in soybean and palm oil based biodiesel.

[More Details: \(CANOLA COUNCIL\)](#)

*Biodiesel: The future's fuel*

### Diesel Digest

#### *The Canola Council's News-wire on World Developments in Biodiesel*

"The programs that are in place in other countries that have been very successful aren't in place here (Canada) right now. Success involves government using a combination of carrots and sticks to encourage early adoption."

**Kory Teneycke, Executive Director of the Canadian Renewable Fuels Association.**

### Keeping ahead of glycerin

As biodiesel production soars, so does crude natural glycerin. With up to 400 million additional gallons of biodiesel production being built or on the drawing board, it's clearly evident glycerin is becoming a significant issue.

European companies are striving to stay ahead of the glycerin explosion. In early 2006, international chemical company Solvay announced plans to build a 10,000 tonne-per-year epichlorohydrin plant in France. The plant will manufacture glycerin products to make epoxy resins, paper-reinforcing agents and other products.

This fall, market research firm Kline & Co. is |

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## Malaysian merger to create world's largest palm oil firm

Malaysian government-linked palm oil companies will merge to create the world's biggest palm oil business worth around USD\$8.66 billion officials said November 27.

The merger, which the government hopes will cut costs and streamline the industry, would also potentially create the world's largest biofuels producer. In a complex deal pushed forward by the Malaysian government, Golden Hope Plantations Bhd., Sime Darby Bhd. and Kumpulan Guthrie Bhd. will combine to form a new company called Synergy Drive Sdn. Bhd.

Synergy Drive will acquire the assets of the three companies - currently owned by government fund manager Permodalan Nasional Bhd., or PNB - as well as assets of five of their six units, said CIMB Investment Bank, acting on behalf of the new entity.

In addition to reducing overlap between the businesses, the government hopes the deal will push Malaysia's palm oil producers to develop its biofuels industry, which has attracted attention as countries try to reduce their dependence on fossil fuels.

The three companies have a total 525,872 hectares (1,299,430 acres) of land in Malaysia and Indonesia planted with oil palm, producing more than 2.1 million tons (1.91 million tonnes) of crude palm oil annually, equivalent to 13 percent of Malaysia's total output.

CIMB said Synergy Drive could eventually account for as much as six percent of global production with a potential annual revenue of USD\$7.17 billion and employ 107,000 people.

Combined, Synergy Drive will have a potential market capitalization of US\$8.6 billion making it the fifth-biggest listed company in Malaysia.

**[More Details: \(GLOBE & MAIL\) \(HOUSTON CHRONICLE\) \(REUTERS\)](#)**

## Saskatchewan seeks action on renewable fuels strategy



Deputy Premier Clay Serby wants Ottawa to create two renewable fuels mandates - one for ethanol and one for biodiesel - and make Saskatchewan a centre of excellence for the biofuels industry.

Serby and a delegation of biofuels industry representatives will meet with federal Environment Minister Rona Ambrose in Ottawa to push the province's biofuels agenda. Serby reiterated the province's position that the federal renewable fuels standard (RFS) should be increased from 5% to 10% by 2010.

Serby said two things have changed since the federal government announced the national RFS of 5% at a ministerial meeting in Regina in May.

"At least five provinces are of the view that we can easily reach a 10 percent mandate." In addition, Serby said Saskatchewan, Manitoba and Ontario want to see separate mandates -- 10 percent for ethanol and two percent for biodiesel -- by 2010. The RFS for biodiesel should be raised to five percent by 2015, Serby added.

**[More Details: \(SASKATOON STAR PHOENIX\)](#)**

## ADM to expand North American oilseed crushing plants

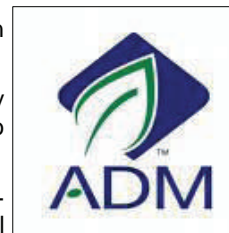
Archer Daniels Midland Co. said on November 27, it would expand seven oilseed crushing plants in North America to support its biodiesel facilities.

ADM's plans to expand five soybean and two canola processing plants by mid-2008 come at a time when world vegetable oil prices are rising due to bullish futures markets and strong demand from biodiesel producers.

ADM will expand soybean crushing plants in Quincy, Illinois; Frankfort, Indiana; Mexico, Missouri; Fremont, Nebraska; and Des Moines, Iowa. ADM will expand canola crushing plants in Velva, North Dakota, and Lloydminster, Alberta, Canada.

ADM is already the largest U.S. ethanol producer and a leading biodiesel producer in Europe.

The expansions will support ADM's biodiesel facilities in Mexico, Missouri, and Velva. ADM did not provide additional details about the size or cost of the expansion. ADM has previously said it plans to spend \$2.4 billion during the next three years on capital expenditures related to alternative fuels. Analysts said the plant expansions were likely a small part of that larger plan.



**[More Details: \(REUTERS\) \(ADM RELEASE\)](#)**

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## U.S. policy group says study shows biofuels are affordable and achievable



The Energy Future Coalition said findings by Rand Corp.'s study show that using 25 percent renewable energy by 2025 won't result in higher energy prices.

The Energy Future Coalition promotes the 25 by '25 Initiative, which aims for a goal of 25 percent of the United State's energy being renewable by 2025. The coalition commissioned the study conducted by Rand Corp., a nonprofit research group that provides analysis on challenges facing the international private and public sectors. The report assessed the impact on U.S. energy expenditures of producing 25 percent of U.S. electric power and motor vehicle transportation fuels from renewable resources by 2025.

"25 by '25 has enormous applications for both national security and global warming," said Reid Detchon, the coalition's executive director. "Rand found that 25 by '25 will cut petroleum consumption by 2.5 million barrels a day and **eliminate 1 billion tons of carbon dioxide emissions** every year—all at little or no additional cost."

**[More Details:](#)** [\(BODIESEL MAGAZINE\) \(FULL REPORT - 92 PAGES\)](#)

### Investors eager to build biodiesel plants in Ukraine

European investors have recently expressed interest in investing nearly 200 million euros into biodiesel plants in Ukraine. Ukraine has near-perfect agricultural conditions for harvesting rapeseed, a crop with a high oil content ideal for producing biodiesel.

Analysts say widespread usage and production of biodiesel in Ukraine is still years ahead. But the arrival of European investors backing biodiesel refineries, such as Austria's BioDiesel Vienna, could provide a badly needed boost to get the business onto its feet.

BioDiesel Vienna has held negotiations in recent months with Ukrainian officials, expressing interest in pumping 100 million euros into the construction of two biodiesel plants.

If the project works out, new plants capable of churning out 100,000 tons of biodiesel annually will be erected in two Ukrainian regions. About 50 percent of the biodiesel produced at these plants is expected to be exported. The rest is envisioned for Ukrainian consumption.

**[More Details:](#)** [\(KYIV POST\)](#)

### Case IH promotes biodiesel use

Case IH agricultural equipment fully supports use of B5 blends (5 percent biodiesel and 95 percent petroleum-based diesel) in all engines they manufacture. In addition, use of 20 percent blends is approved on all Case IH engines other than common rail. In addition, field testing is being conducted to determine performance levels of blends up to 100 percent biodiesel as part of a program to ensure maximum productivity and engine durability.



"One hundred percent factory fill of a biodiesel blend is a logical next step in the process of embracing biodiesel," says Randy Baker, president of Case IH North America. "Adding to demand for soybeans while producing the crop is the type of strategy our customers like to pursue," Baker says. "It's good environmental stewardship," he points out, "and it's good business."

**[More Details:](#)** [\(CASE IH RELEASE\)](#)

### Palm prices to soar on global biofuel demand: analyst



Palm oil prices are expected to rise further by early next year as stockpiles decline due to robust global demand ignited by the rapidly expanding biofuel industry. Crude palm oil prices are expected to rise around 11% to 2,000 ringgit (\$550) a tonne from 1,800 ringgit a tonne, said James Fry, vegetable oils analyst of London-based LMC Int.

"We are moving into a market balance where demand is growing faster than supply, thanks to biodiesel," he told Reuters in an interview in the Malaysian capital. Fry said Malaysian palm oil reserves, a key demand indicator, are likely to fall to 1.25 to 1.3 million tonnes in the first half of 2007, versus the record of 1.799 million tonnes in September.

**[More Details:](#)** [\(PAKISTAN DAILY TIMES\)](#)

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