

Ethanol Confidence Fuels 50% Production Jump

Production of transport ethanol in Australia will have jumped by more than 50% in the last 12 months, from almost 23 MMl in 2004-05 to an expected 36 MMl by June 2005-06.

Australian Industry Minister, Ian Macfarlane, who convened a roundtable on ethanol in Canberra on 1st June, said sales to the end of April had already reached 30 MMl, representing a significant increase in ethanol production.

Macfarlane said there had been a steady campaign to re-build consumer confidence with ethanol. "We have turned the corner and today's meeting was the most positive report card we have heard so far from the ethanol sector", he said. "We are now seeing a real upswing in ethanol demand."

Reports from the ethanol sector at the meeting included:

- BP's plans for a 100-fold increase in ethanol sales over the next 2 years;
- United Petroleum's increase of ethanol retail sites from 67 to 130 by end 2006;
- Woolworth's proposed entry to the ethanol market with 50 sites by 2007;
- Caltex to double the number of ethanol retail sites by the end of 2006; and
- Australian Farmers Fuel has 52 stations selling only ethanol and biodiesel blends.

"The millions of dollars being invested in the biofuels sector by the Federal government are now starting to pay off however there's a long road yet to be travelled and the motorist has to travel with us", Macfarlane said.

"Every step in this campaign has to be acknowledged – last June there were 70 service

stations selling ethanol, today there's 230. Meantime, use of ethanol by commonwealth vehicles has increased 30 fold since last October."

Ethanol producers and oil distributors gave an update on their plans to increase the production and distribution of ethanol to ensure Australia reaches its biofuel target of 350 MMl by 2010. Recent Federal Government support for the ethanol industry includes:

- More than \$37 million through the Biofuels Capital Grants programme;
- \$52 million provided in Ethanol Production Grants;
- A honeymoon from excise for domestically-made ethanol; and
- Introduction of an E10 label of assurance on all locally-built vehicles. ■