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Reuters story on Van Der Horst Biodiesel

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By Felicia Loo

SINGAPORE, March 21 (Reuters) - A Singapore engineering firm and a university announced plans on Wednesday to build the city-state's first biodiesel plant fuelled in part by the tough jatropha shrub, advancing its role in the biofuel industry.

Van Der Horst Biodiesel Pte. Ltd. plans to finish the plant on Jurong Island by the end of next year, ramping up to full rates of 200,000 tonnes per year (tpy) by 2010, Chief Executive Officer Peter Cheng told Reuters.

The roughly \$40 million plant will be able to run on multiple types of feedstock, including jatropha grown in Cambodia, and uses a new enzyme technology that can yield of up to two times the normal jatropha yield, he said.

The company plans a second similar-sized facility in neighbouring Johor state in Malaysia and has hopes of developing more in India, Laos and Myanmar, Cheng added.

The jatropha curcas plant, a non-food crop that can be grown on semi-arid land, has been heralded as the solution to the food-or-fuel debate that has hotted up as farmers divert crops from corn to coconut toward the production of green fuels, driving up food prices even as population growth lifts demand.

"We are looking to supply biodiesel to buyers in China and Cambodia as well as the European markets. Biodiesel is adopted as blending and doesn't need to fluctuate with fossil fuel prices," said CEO Peter Cheng, when asked about the impact of falling benchmark crude oil futures from a record-high of \$78.40 in July.

Biodiesel is increasingly popular with governments seeking to reduce pollution, curb their dependence on foreign oil and, cut back fuel bills and give local rural incomes a boost.

But the surge in pledged investment in the sector coupled with rising feedstock costs versus steady \$60 oil prices has threatened the economics of some ventures, with officials saying only a handful of plans may actually be realised.

Palm oil prices traded around \$565 a tonne, about 40 percent higher than the same time last year, while crude oil prices stood at \$415 a tonne, about 27 percent below July's record high.

But Van Der Horst expects more mandatory requirements for the blending of biodiesel and fossil fuel, after European Union leaders agreed early this month to cut carbon dioxide emissions by 20 percent by 2010 through greater use of renewable energy, promoting energy efficiency and using biofuels.

"We foresee more legislation in place. China is already in the process of drafting the mandatory requirements," Cheng said.

Van Der Horst is 90 percent owned by Singapore-based Van Der Horst Engineering Services Pte Ltd (VDH) and 10 percent by the Institute of Environmental Science and Engineering Pte Ltd (IESE), part of the Nanyang Technological University.

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