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GAIN Report

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Germany

Post: Berlin

2nd Generation Biofuel Company Declares Insolvency

Report Categories:

Bio-Fuels

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Report Highlights:

Once celebrated as pioneer in biofuel technology and development of biomass-to-liquid (BtL), Choren Industries GmbH, a second generation biofuel company and its two German subsidiaries CHOREN Fuel Freiberg GmbH & Co. KG and CHOREN Components GmbH declared insolvency on July 8, 2011. According to its press release, the U.S. subsidiary CHOREN USA LLC in Houston, TX, remains unaffected.

General Information:

In 2008, Choren opened a BtL plant in Freiberg/Saxony with an annual capacity of 18 million liters (15,800 metric tons (MT)/4.75 million gallons) for details please refer to GAIN report [GM8020](#). This was celebrated as the advent of commercial production of second generation biofuels in Germany.

Hopes were that this technology would help Germany reach its ambitious biofuel targets. At the time, the overall mandate for biofuel use in road transport was scheduled to increase by 0.25 percent annually until it would reach 8 percent in 2015. The mandate was later frozen at 6.25 percent for 2010 and onwards. The start of Choren's actual commercial BtL production, however, was postponed again and again and, eventually, Choren changed its business plan from selling BtL to selling the technology. It used the Freiberg plant to test modifications of the production process rather than for producing BtL. Choren's plan to build an industrial scale plant in Schwedt/Brandenburg was abandoned in 2009, when it became clear that the current energy tax exemption for BtL would not be extended after 2015. The plant had been planned for an annual capacity of 270 million liters/71 million gallons/200,000 MT.

Choren's press release regarding the insolvency can be found at the following link:

<http://www.choren.com/en/information-and-press/press-releases/press-release-kuebler-gbr-choren-group-kuebler-prepares-investor-solution>

Now Germany's hopes for second generation biofuels rest on another project for the research and production of BtL fuels which is run by the Karlsruhe Institute for Technology (KIT). It is known as the bioliq® project. KIT works on processes to convert crop residues and wood residues into diesel and gasoline fuels. The bioliq® process allows the physical separation of the pyrolysis from the rest of the process. This means that feedstock (for example crop residues and wood residues) can be converted into pyrolysis oil in decentralized plants which is then shipped to a central plant for final conversion. This helps to reduce volume and costs for feedstock transport. A pilot plant is currently being erected and is scheduled to start operating in 2012. For details please refer to:

<http://www.bioliq.de/english/55.php>

Related GAIN reports:

Country	Title	Date
EU-27	Biofuels Annual Report	06/24/2011
Germany	German Government Modifies Biofuel Laws http://www.fas.usda.gov/gainfiles/200810/146296202.pdf	10/23/2008
Germany	Biomass-to-Liquid Biofuel Plant Opens in Germany	04/18/2008