Novozymes to Launch Ethanol Product in Q1

Reuters

DAVOS, Switzerland (Reuters) - Danish biotech company Novozymes would launch in the first quarter this year a new enzyme to produce transport fuel from agricultural waste, its chief executive Steen Riisgaard told Reuters on Saturday.

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That was the company's firmest guidance yet on the timing of the release of the new product, called Cellic, said Riisgaard.

Novozymes has a 47 percent market share in the global enzyme industry, for use for example in the food and washing products industry, as well as bio-ethanol.

U.S. ethanol producer POET has trialed the Novozymes enzyme on a limited basis for a couple of months, but following the launch it would be available generally on a commercial basis.

"It's going to be ready in commercial quantities. You have to be able to do it at a big scale. We are building a facility at a new factory in Nebraska just for this purpose," Riisgaard said.

He said the company could show that its new product would be competitive with corn-based ethanol and gasoline.

"We can demonstrate ... a total cost including the capital cost for building a factory will be in the order of 225 cents (per gallon). In the U.S. there is a subsidy of 101 cents which makes it certainly competitive with corn-based, where the subsidy is only 46 cents.

"It's going to be a good business ... if they (ethanol producers) can rely on the continuation of the subsidy," he said.

He expected a widespread commercialization of cellulosic ethanol production by 2013, "in the best case."

Riisgaard was positive about demand from China, where he said senior executives at oil company Sinopec had told him they would be credited for increasing efficiency and using low-carbon fuels.

The purpose of alternative transport fuels is to cut dependence on imported oil and cut carbon emissions compared with burning fossil fuels.

Ethanol derived from corn has faced criticism for increasing pressure on agricultural land, stoking food prices, leading to a hunt for potent enzymes which can break

down tough fibers in wood chips or agricultural waste - called cellulosic ethanol.

Novozymes made sales of about 1.2 billion euros ($1.69 billion) last year, and was retaining its long-term target to grow 10 percent per year, said Riisgaard. It expected 2 to 6 percent growth this year, in local currencies, following 2 percent growth in 2009.

"Listening to many of the economists here I think we have reasons to be cautious," he said on the sidelines of the World Economic Forum in Davos.

(Reporting by Gerard Wynn [3], Editing by Hans Peters)
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