

Report: Algae-Based Biofuels Production to Reach 61 Million Gallons per Year by 2020

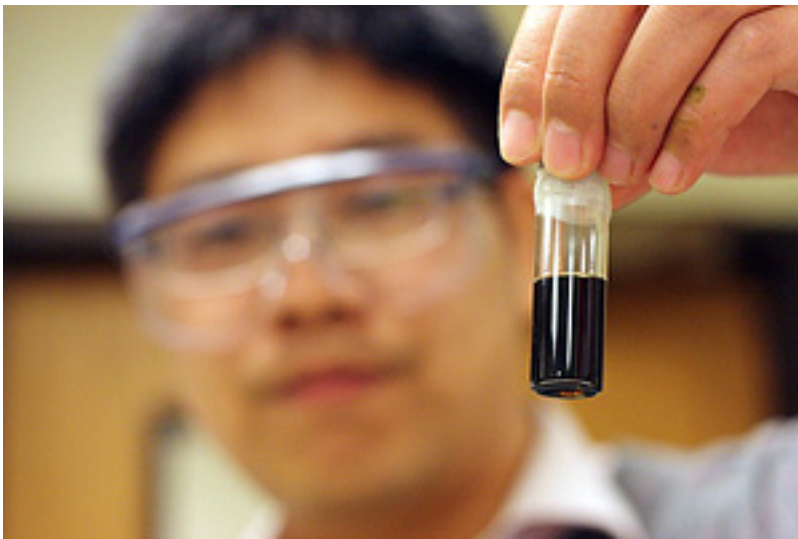


In the face of petroleum scarcity, increasing oil prices, market volatility, and climate change, leaders in government and industry are looking to renewable fuel sources such as algae-based biofuels to reduce expenses and mitigate their acute vulnerability to petroleum supply chains. Yielding two to 20 times more oil per acre than leading oilseed crops, algae's productivity and scalability are seen as its greatest advantages, and a number of key industry players are gearing up their operations to meet the opportunity. Algae biofuels have the added advantage of utilizing non food-based feedstock, with the abilities to grow on non-arable land and utilize a wide variety of water resources including wastewater and seawater.

According to a new report from [Pike Research](#), algae biofuels production will grow rapidly over the next decade, reaching 61 million gallons per year and a market value of \$1.3 billion by 2020. While barely a drop in the bucket for biofuels, this represents a compound annual growth rate (CAGR) of 72%, roughly on par with early development in the biodiesel industry.

"On paper, algae could displace worldwide petroleum use altogether, however, the industry has yet to produce a drop of oil for commercial production," says Pike Research President Clint Wheelock. "Although the algae-based biofuels market will grow rapidly once key cost hurdles are overcome, widespread scale-up will be hampered by a number of difficult challenges including access to nutrients, water, and private capital." Wheelock adds that with the cost of production still a key obstacle to widespread production, many companies are refocusing production efforts on low-volume, high-value co-products to develop revenue streams over the next decade.

Pike Research anticipates that, with 50% of all algae activity, the United States is poised to ramp up production the earliest among world markets. Pilot- and demonstration-scale facilities are beginning to break ground across the country. The European Union (EU) market, which is home to about 30% of algae activity, will be limited initially by the industry's focus on university research, and later by insufficient access to water, land, and nutrient sources. Latin America and Asia Pacific, which are home to fewer projects in operation today, are set to gain significant market share in the long run.



Pike Research's study, "Algae-Based Biofuels", examines the key growth drivers behind the algae-based biofuels market and outlines unresolved supply challenges. It compares advantages and disadvantages of algae production pathways, leading cultivation technologies, and end-market opportunities. The report includes detailed 10-year market forecasts, segmented by world region, along with analysis of market conditions in key countries and profiles of key industry players that are shaping the emerging algae biofuels business.

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