

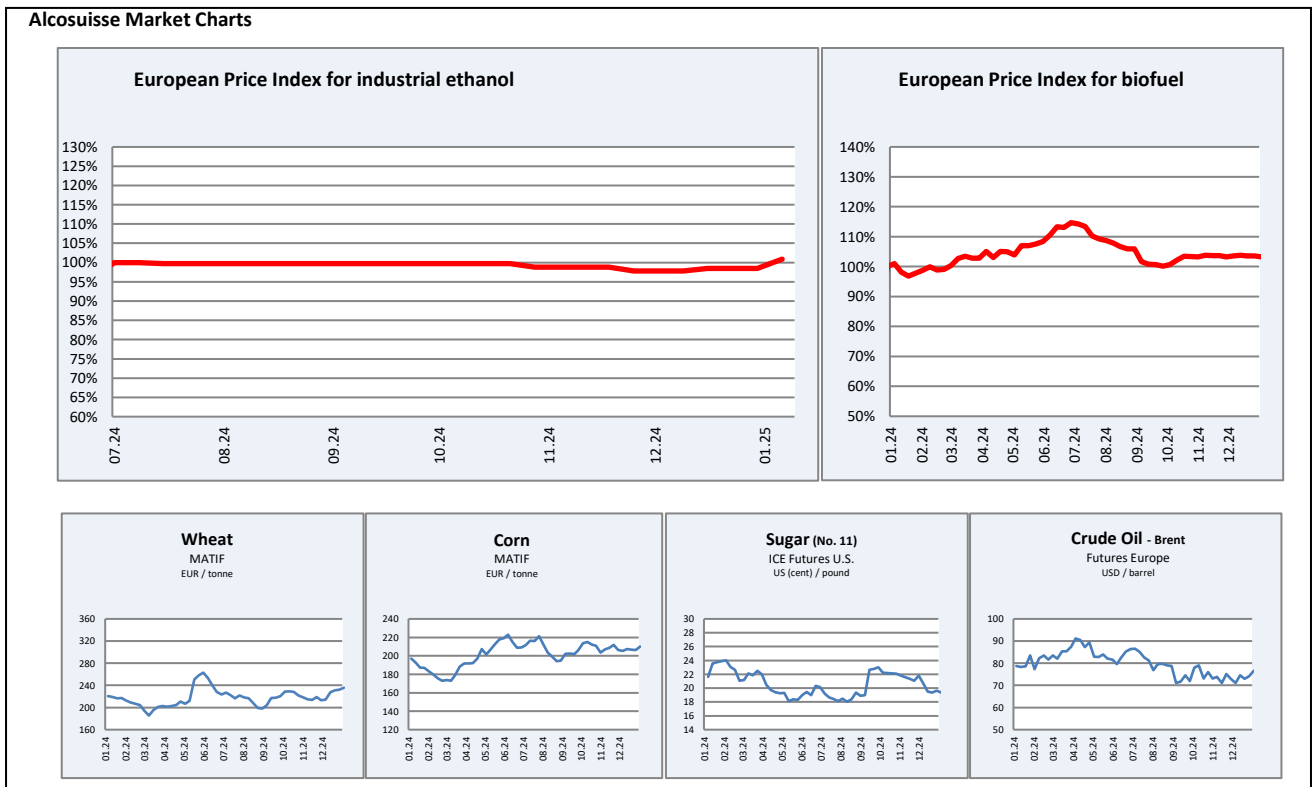
European market for pharmaceutical and industrial ethanol grades

1st quarter 2025

The availability on the European market for pharmaceutical ethanol, especially for anhydrous grade, fell significantly. The lack of imports from Pakistan in the fourth quarter and the closure of the INEOS production plant in Grangemouth have exerted noticeable pressure on the supply chains in the European market for pharma grade 99. In addition, the corn crop in the Carpathian Basin and further south (HU, RO, BG, RS) was very poor due to a very high toxin content. More than a third of the harvest was infected with aflatoxin, meaning that this part of the harvest could not be processed. On top of this, Pakistani producers have raised their prices compared to their offers in H2 2024. Combined with the stronger dollar, particularly the anhydrous pharma grade has become more expensive for new contracts. However, for a further price increase in Q1, we see little reason, as there are no signs of increasing demand in Europe and growth prospects remain modest. On the biofuel side the outlook is better. The biofuel price is currently rather stable because in Q1 there is generally little activity and demand is low. However, an increase in demand is expected over the course of the next months (an additional 500,000 cbm is forecasted for 2025) because further countries such as Italy are introducing E-10 blending programmes. Nevertheless, no one is assuming that this will lead to a bottleneck on the ethanol market; on the contrary, this additional demand should be easily covered by European producers and importers.

Long-term situation

The slowdown in imports of pharmaceutical grades will increase dependence on ethanol from Europe. The tight situation with regard to anhydrous pharma grade could prompt European producers to raise their prices. In addition, imported ethanol could continue to become more expensive, as many currency specialists expect the dollar to become even stronger (market observers believe that the USD/EUR could go to parity). But the main factor dominating the coming months will be uncertainty: In Q2, a decision by the European Commission is expected on whether the duty exemption for Pakistani imports should be cancelled which would increase the price level in Europe significantly, because much less ethanol would come to Europe and the one that would still be shipped to Rotterdam would be subject to a substantial duty. On the demand side, Donald Trump's threat to massively increase tariffs is looming, which could have a serious impact on trade flows and in turn influence the overall economy and demand for ethanol in Europe. Another major concern of the ethanol industry is the motion submitted at EU level to categorize ethanol as a carcinogenic chemical. This would, in the worst-case scenario, make the use of ethanol virtually impossible in most products. So, all in all, the signs are that prices could continue to rise over the course of the next 6 months and uncertainty remains high.



Note: The Alcosuisse Market Report is based on multiple market sources within the European Union and Switzerland. As one of the largest ethanol buyers in Europe alcosuisse receives regularly up-to-date price and market information from practically all major market players. Nevertheless, all information in this report remains an estimation of future developments that can never be forecasted with an absolute guarantee. Therefore, alcosuisse accepts no liability for decisions based on the content of this report and its charts. Contact: For more information or a firm offer please contact our customer service at info@alcosuisse.ch or call +41 31 309 17 17

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