# EU Biodiesel Market Review

Oleofuels 2015, Frankfurt, June 10th

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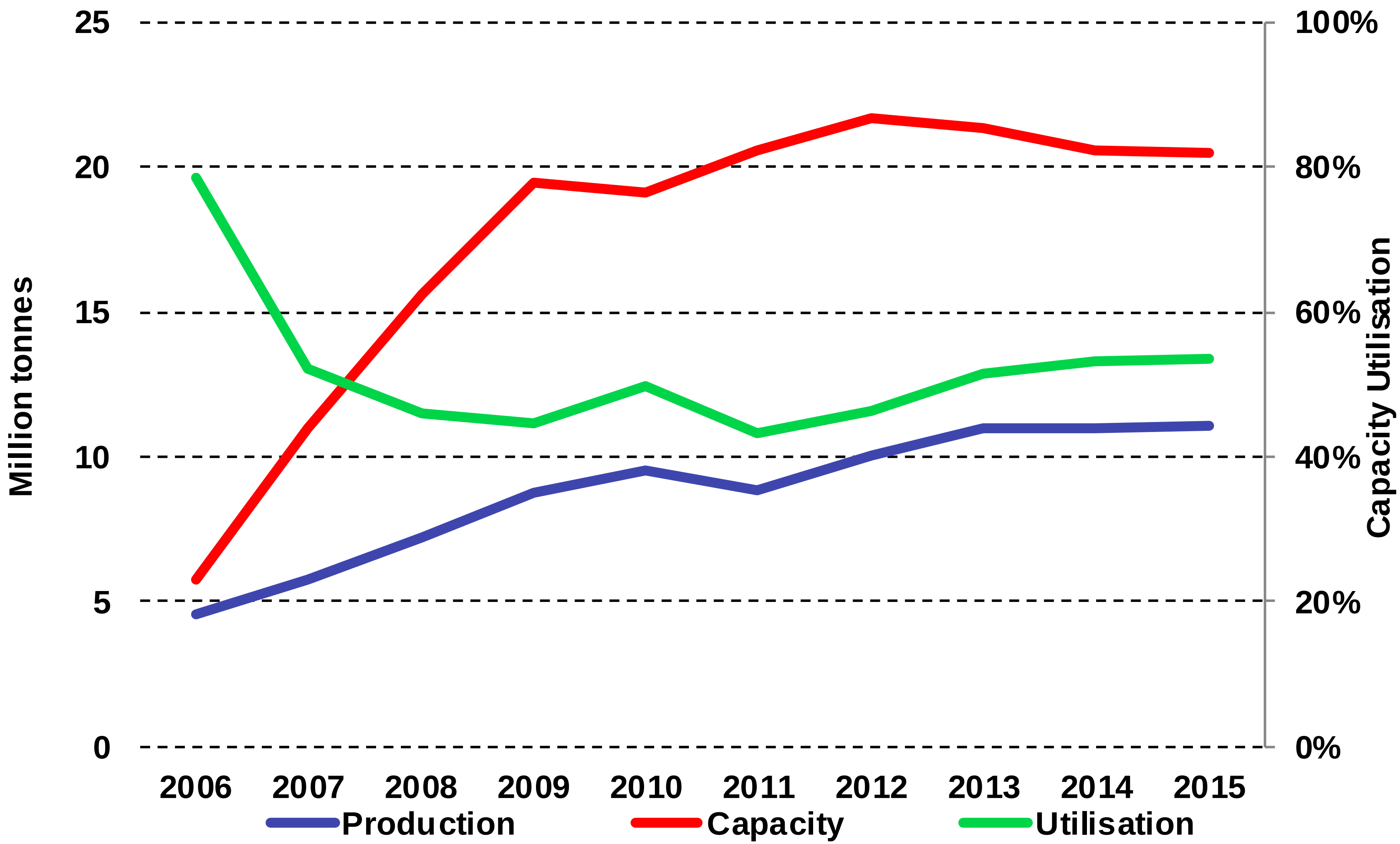
- Trends in biodiesel capacities (FAME and HVO)
- Prices and outlook
- Trends in biodiesel consumption and trade

# Trends in capacities

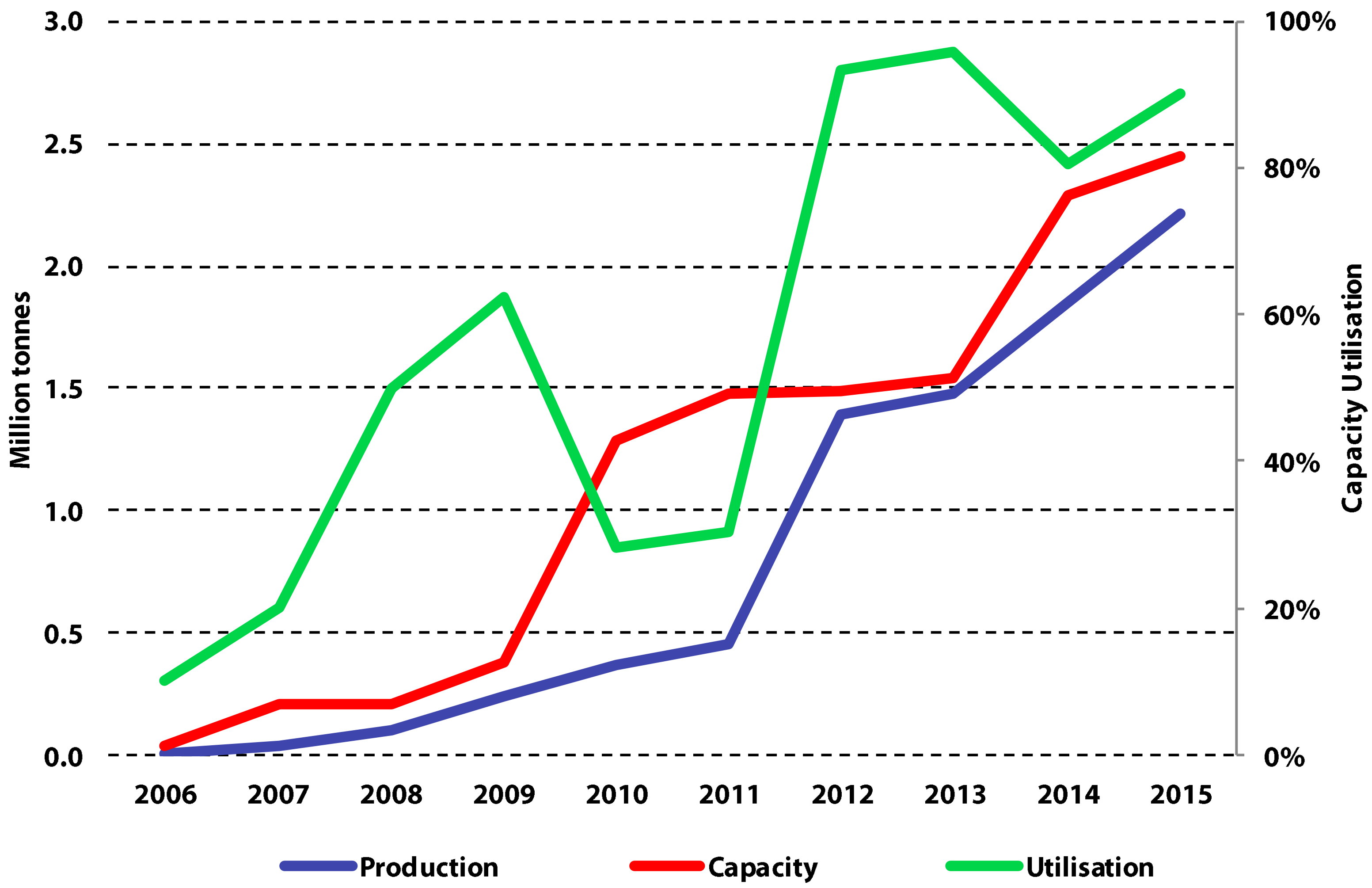
# Following a period of rapid expansion (2006-2009), EU FAME capacity has been in decline since 2012

EU-28 FAME output, capacity and utilisation



# By contrast, HVO capacity continues to expand rapidly and utilisation rates are much higher than for FAME

EU-28 HVO output, capacity and utilisation rates



# UPM’s new plant began operations early this year while GALP Energia is planning to construct a dedicated HVO plant

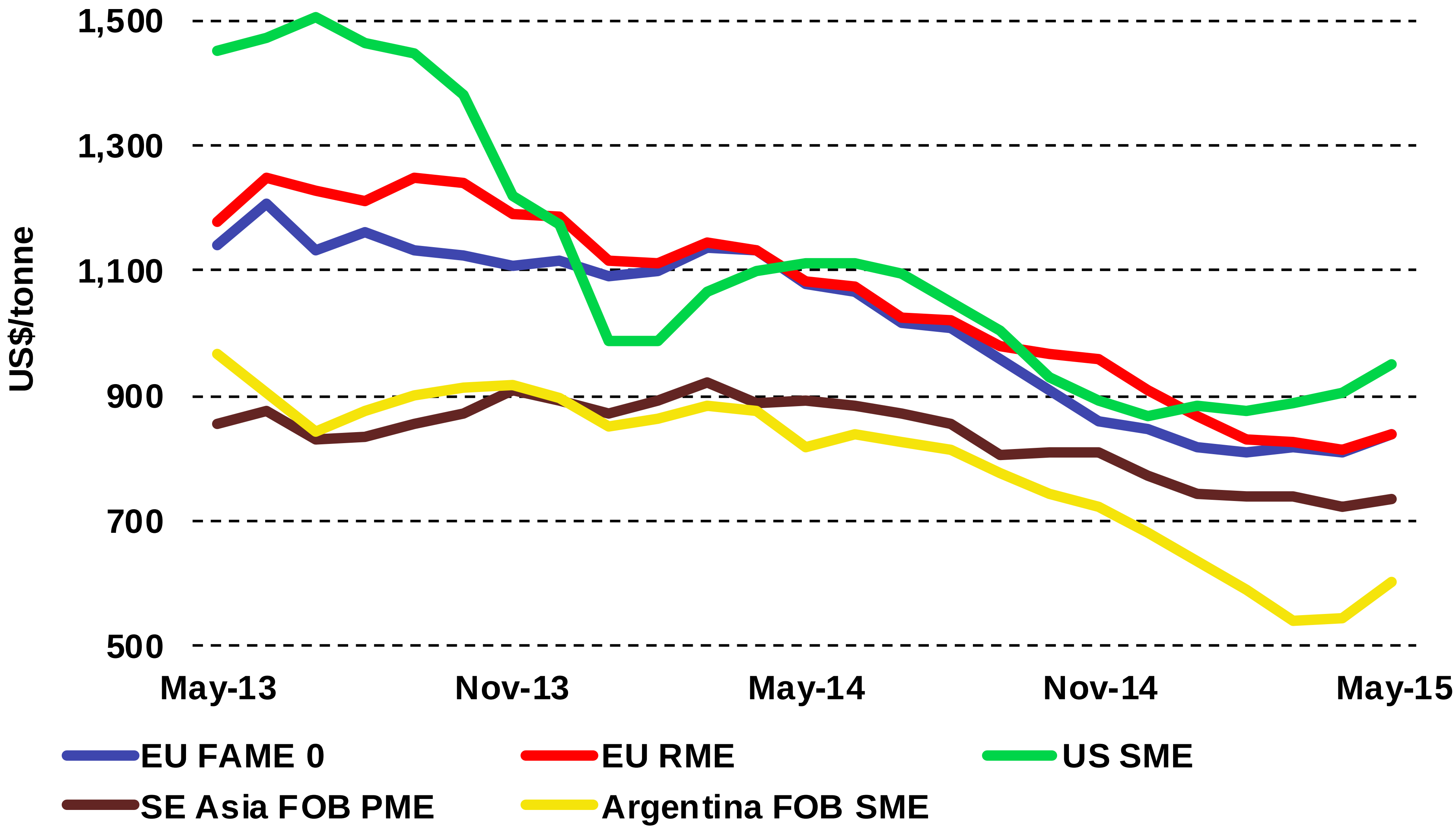
LMC International

## EU-28 HVO Operational Capacity (Dedicated and Co-Processing)

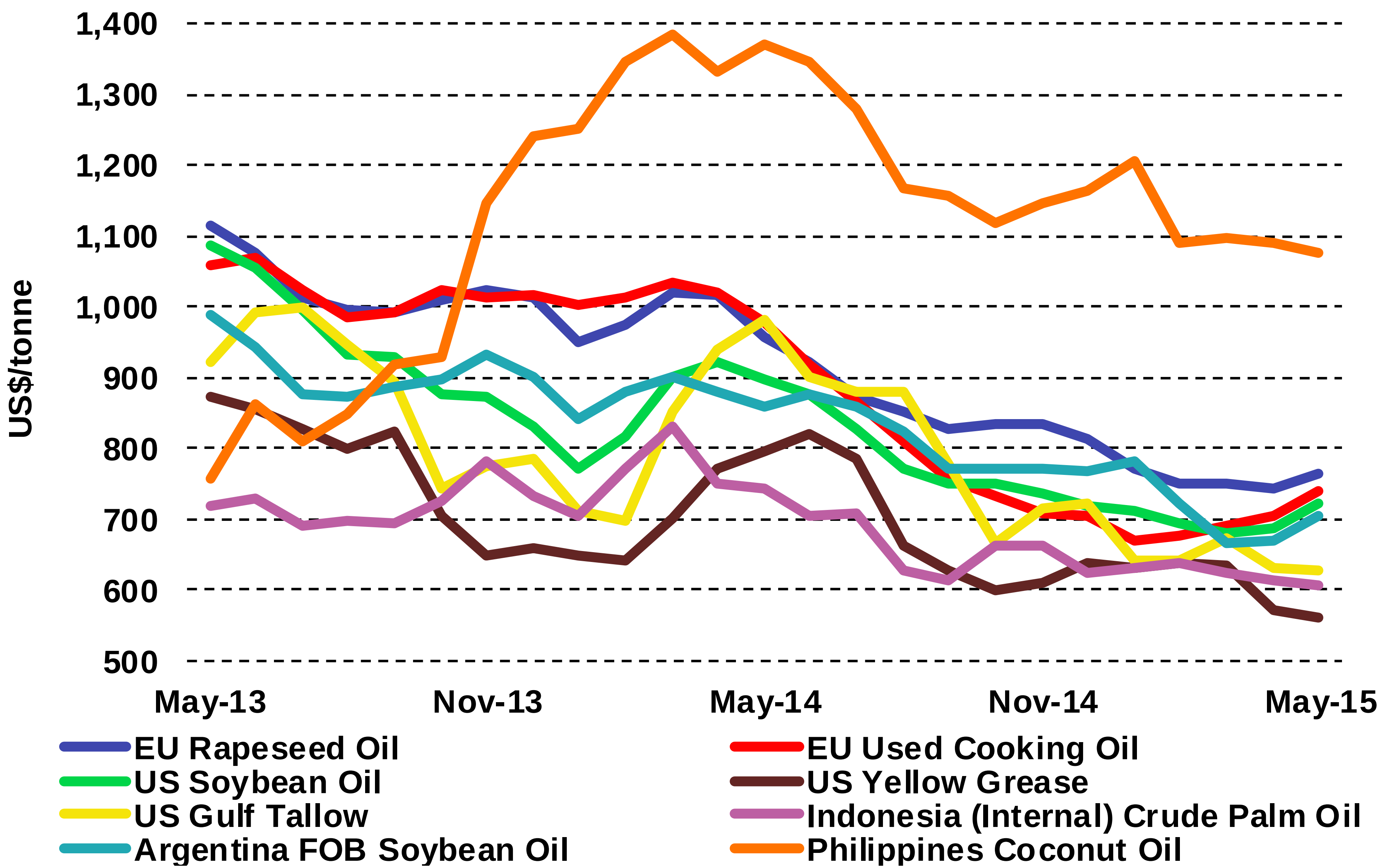
| Country | Company | Location | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Netherlands | Neste Oil Corp. | Rotterdam | 800 | 800 | 890 | 950 |
| Finland | Neste Oil Corp. | Porvoo | 170 | 170 | 200 | 200 |
| Finland | Neste Oil Corp. | Porvoo 2 | 170 | 170 | 200 | 200 |
| Finland | UPM | Lappeenranta | - | - | - | 100 |
| Italy | Eni | Venice | - | - | 350 | 350 |
| Portugal | GalpEnergia | | - | - | 250 | 250 |
| Sweden | SunPine | Pitea | 100 | 100 | 100 | 100 |
| Sweden | PREEM Petroleum | Gothenburg | 100 | 100 | 100 | 100 |
| Spain | CEPSA | Palos de la Frontera | 50 | 50 | 50 | 50 |
| Spain | CEPSA | San Roque | 50 | 50 | 50 | 50 |
| Spain | REPSOL | Bilbao & Cartagena refineries | 9 | 60 | 60 | 60 |
| Ireland | ConocoPhillips | Whitegate | 40 | 40 | 40 | 40 |
| **Total** | | | **1,440** | **1,440** | **2,190** | **2,350** |

# Prices and Outlook

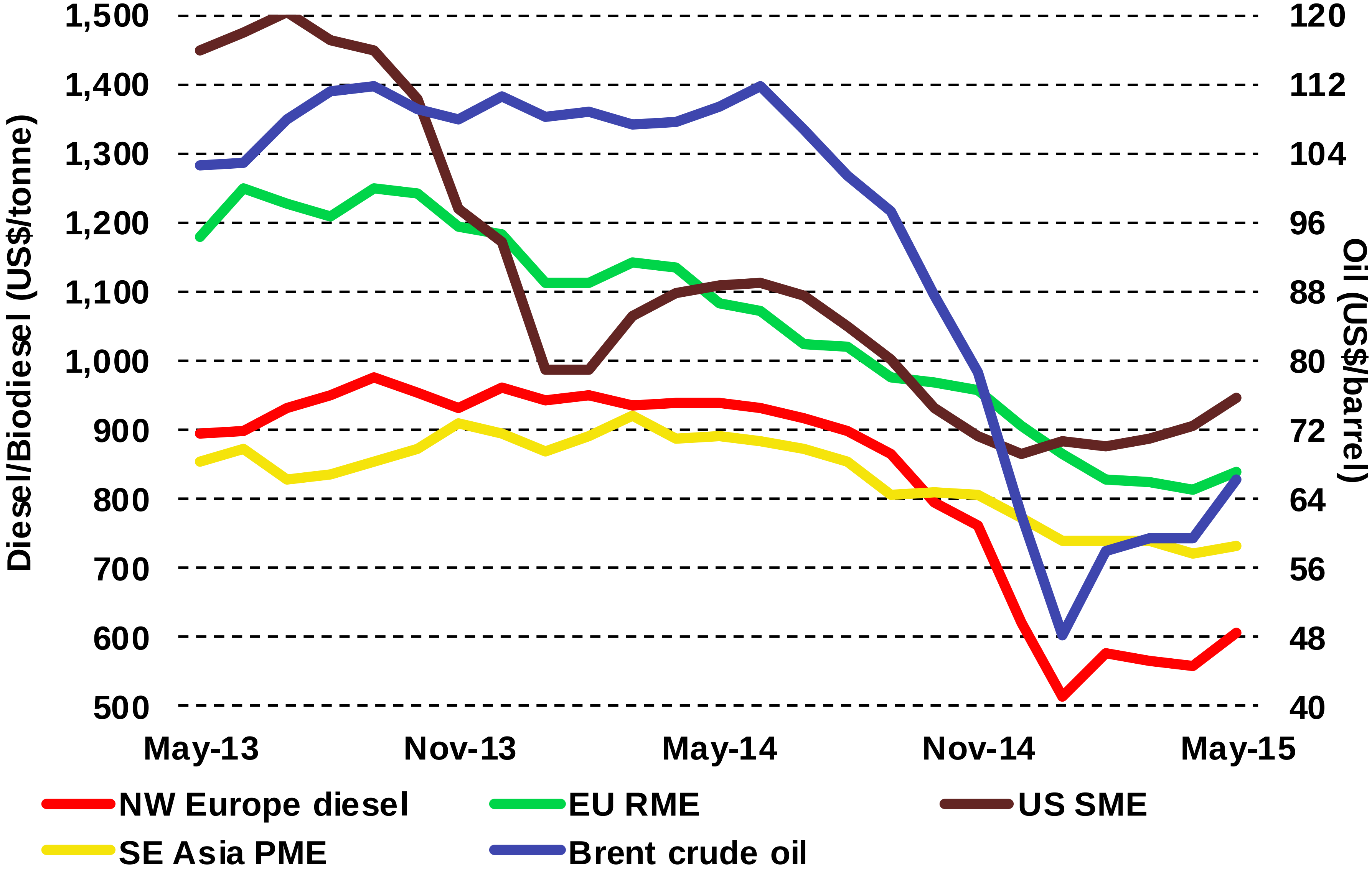
# Biodiesel prices in the major producing countries



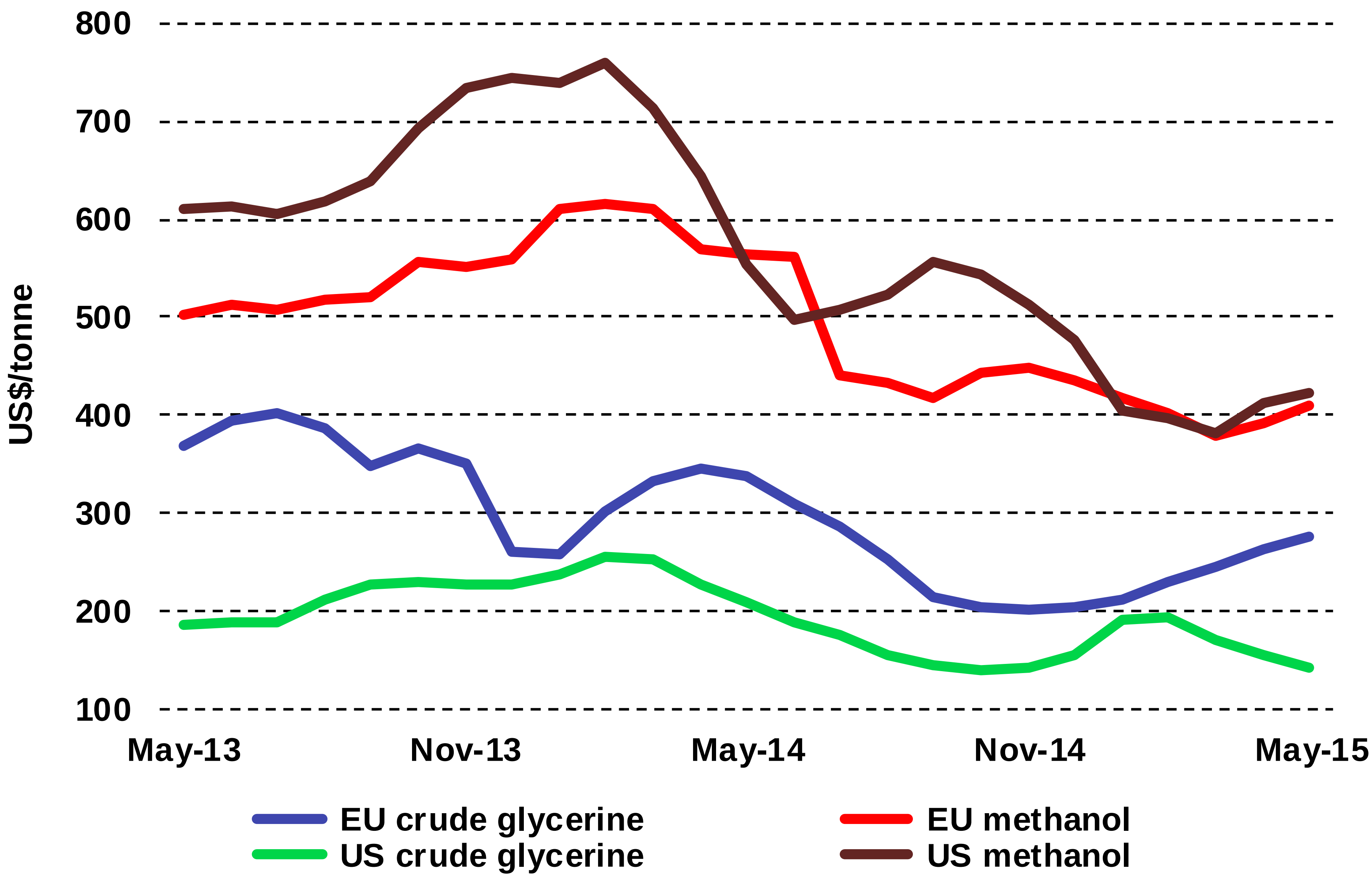
# Biodiesel feedstock prices



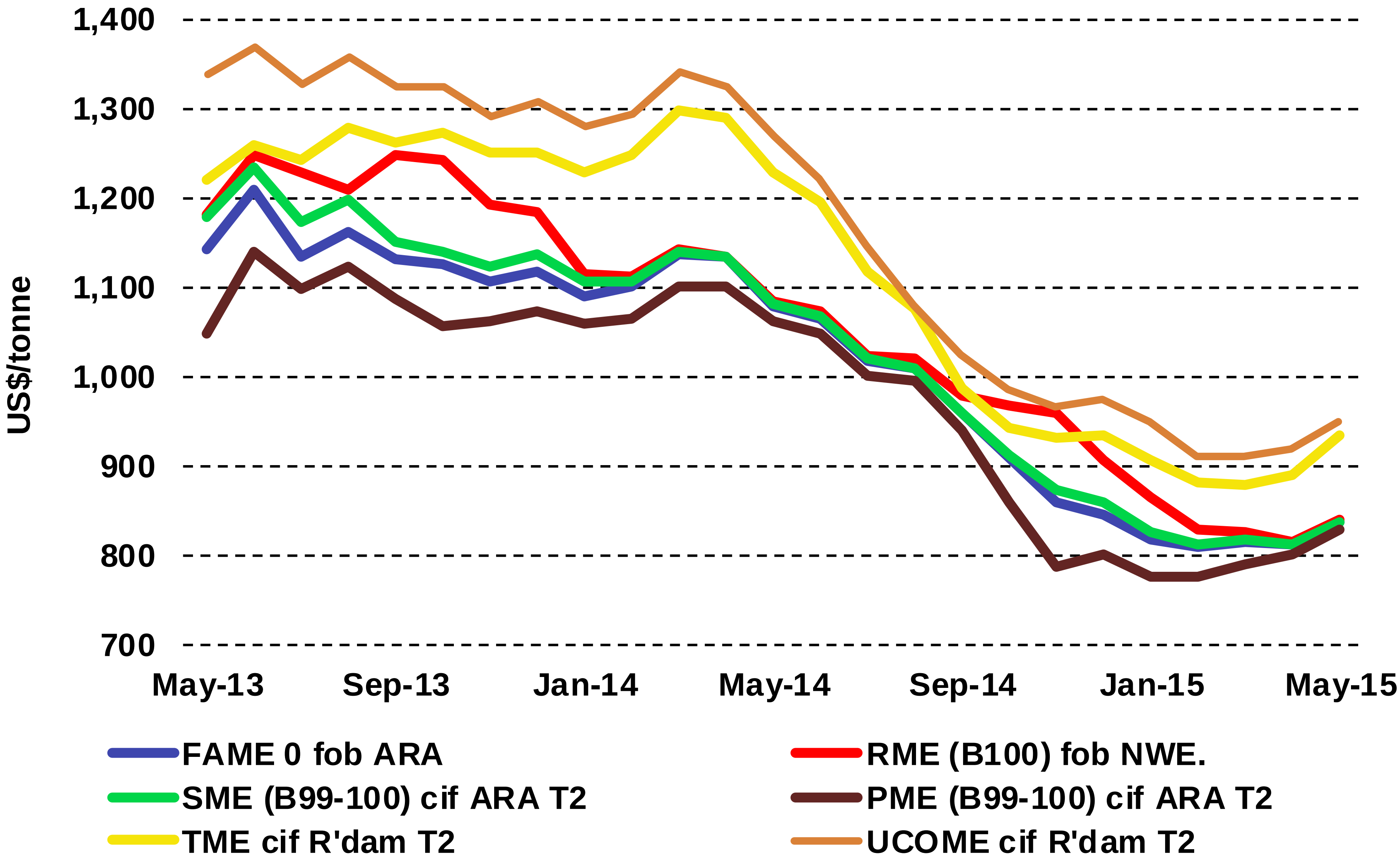
# Crude oil, diesel and biodiesel prices



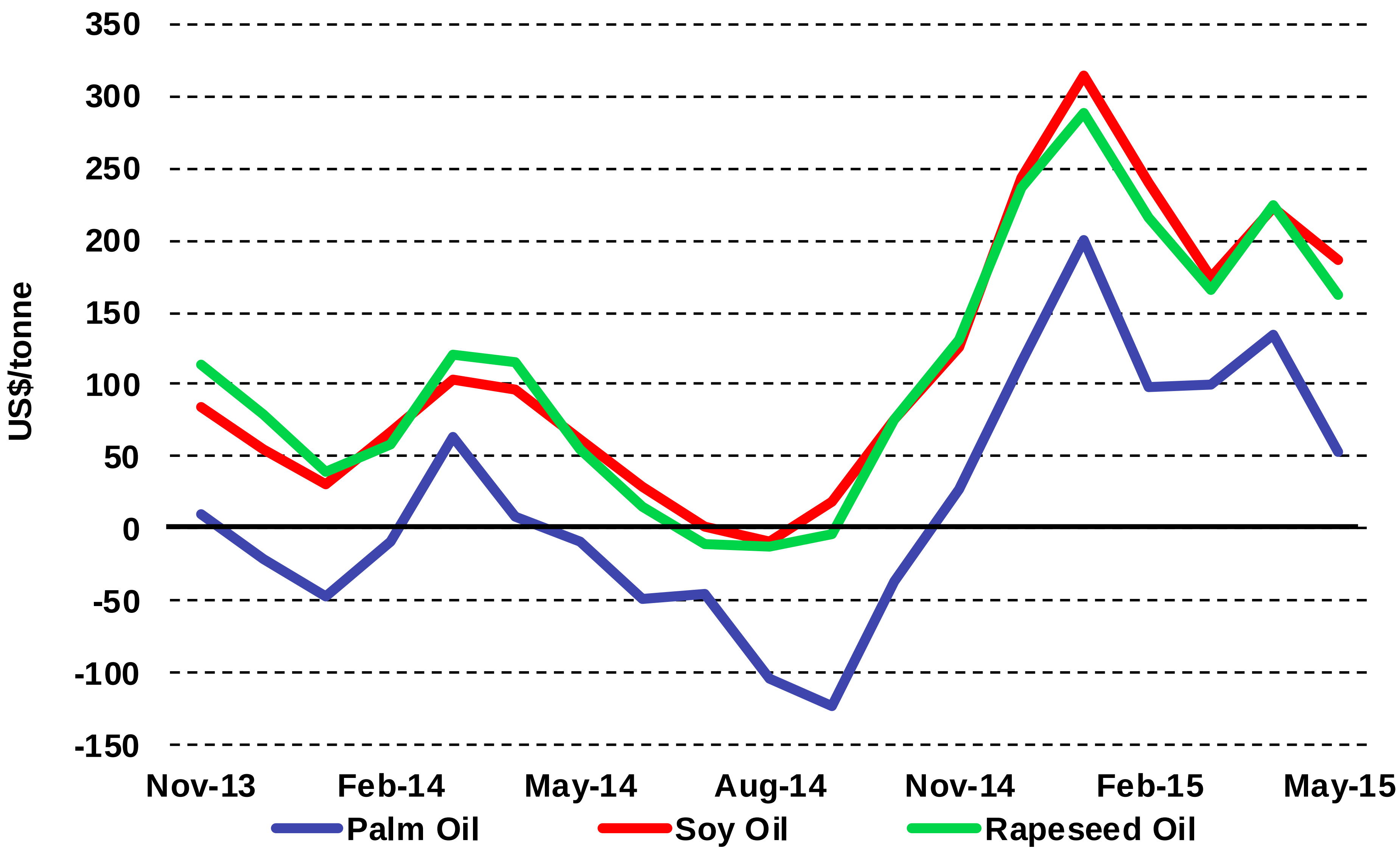
# Biodiesel input and by-product prices: methanol and glycerine



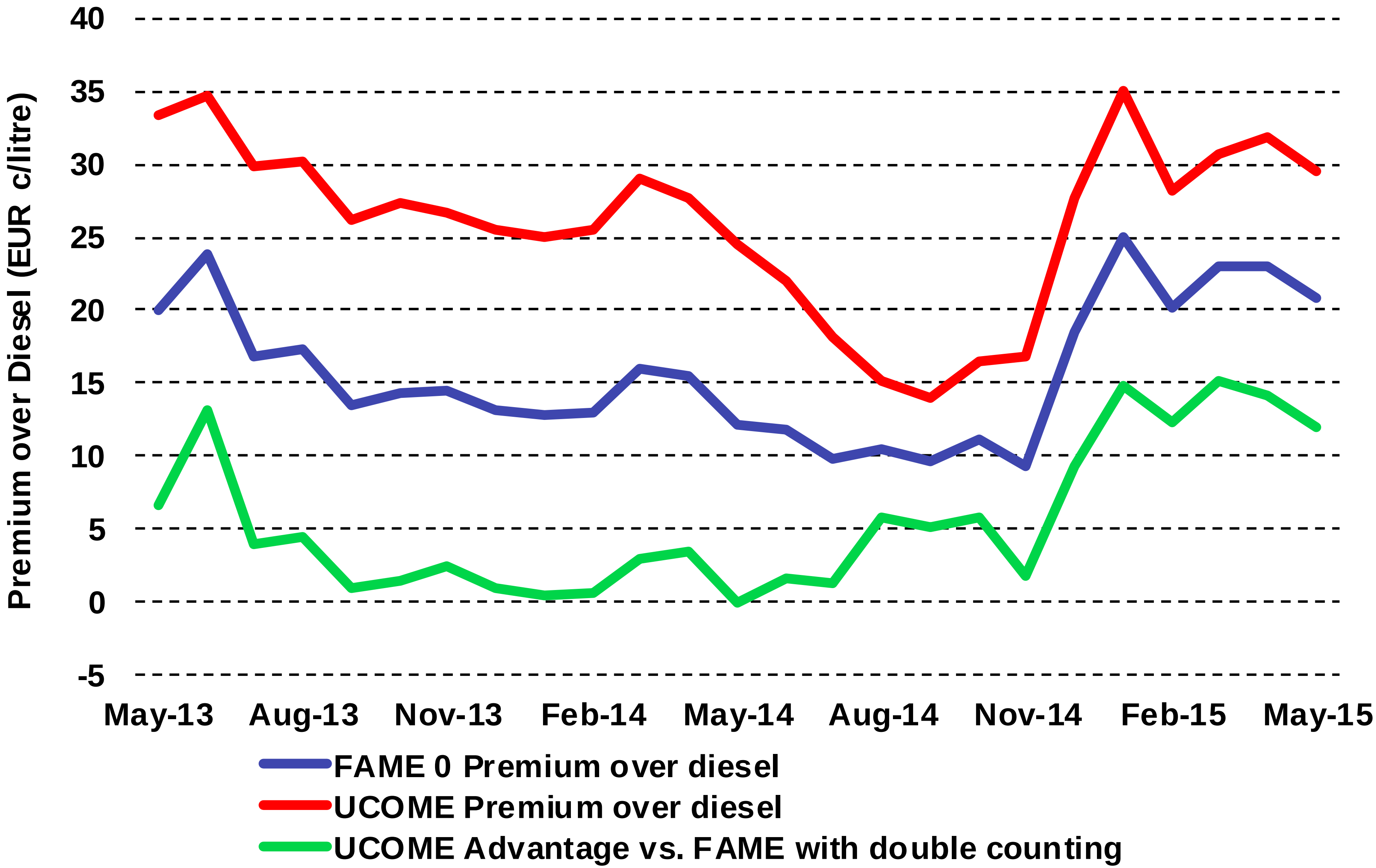
# Monthly methyl ester prices in NW Europe



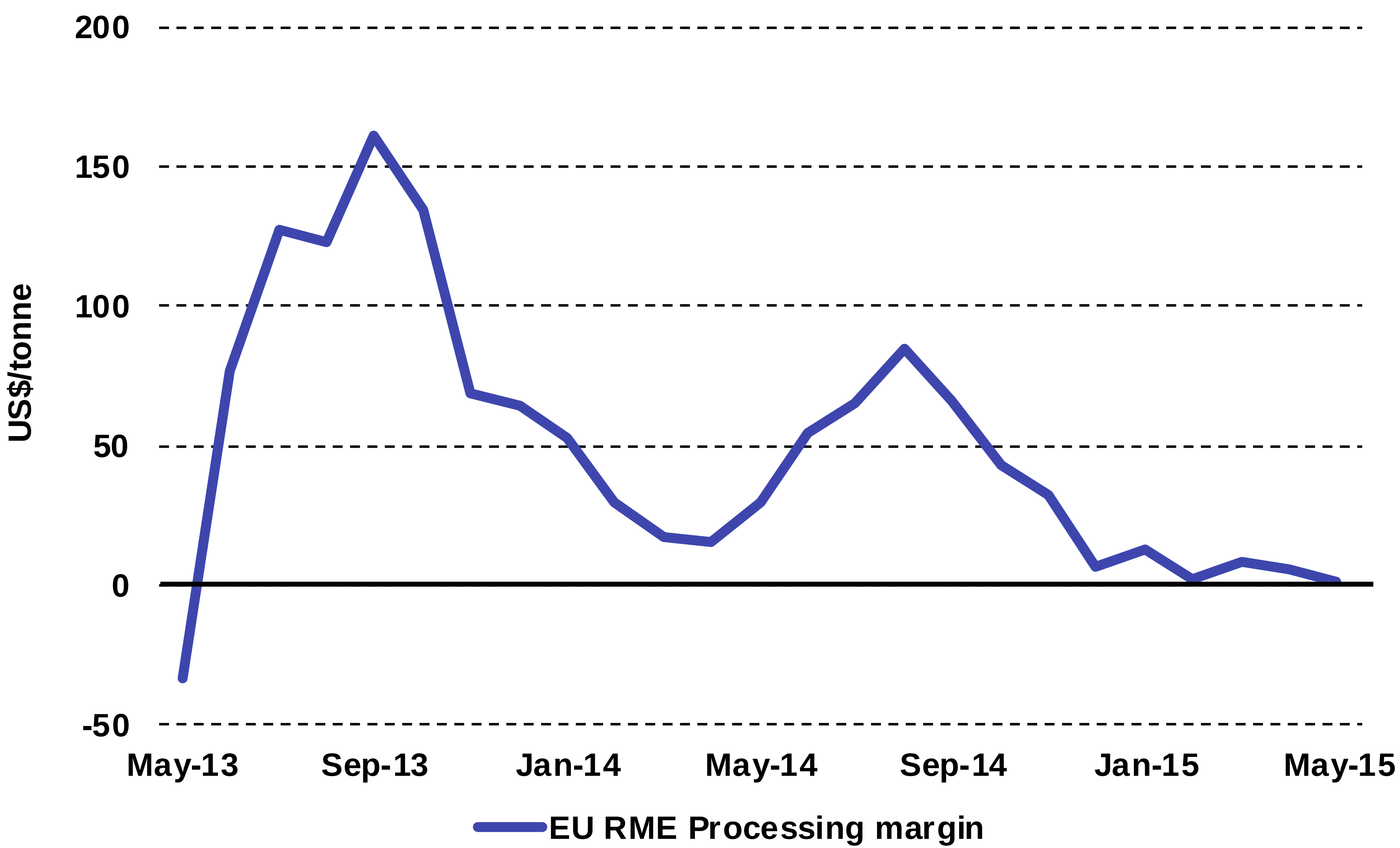
# Premia of different vegetable oils over diesel in the EU



# The advantage vs. FAME 0 from using double counting feedstocks for blending in Germany



# NW Europe RME processing margin net of methanol costs and glycerine credits

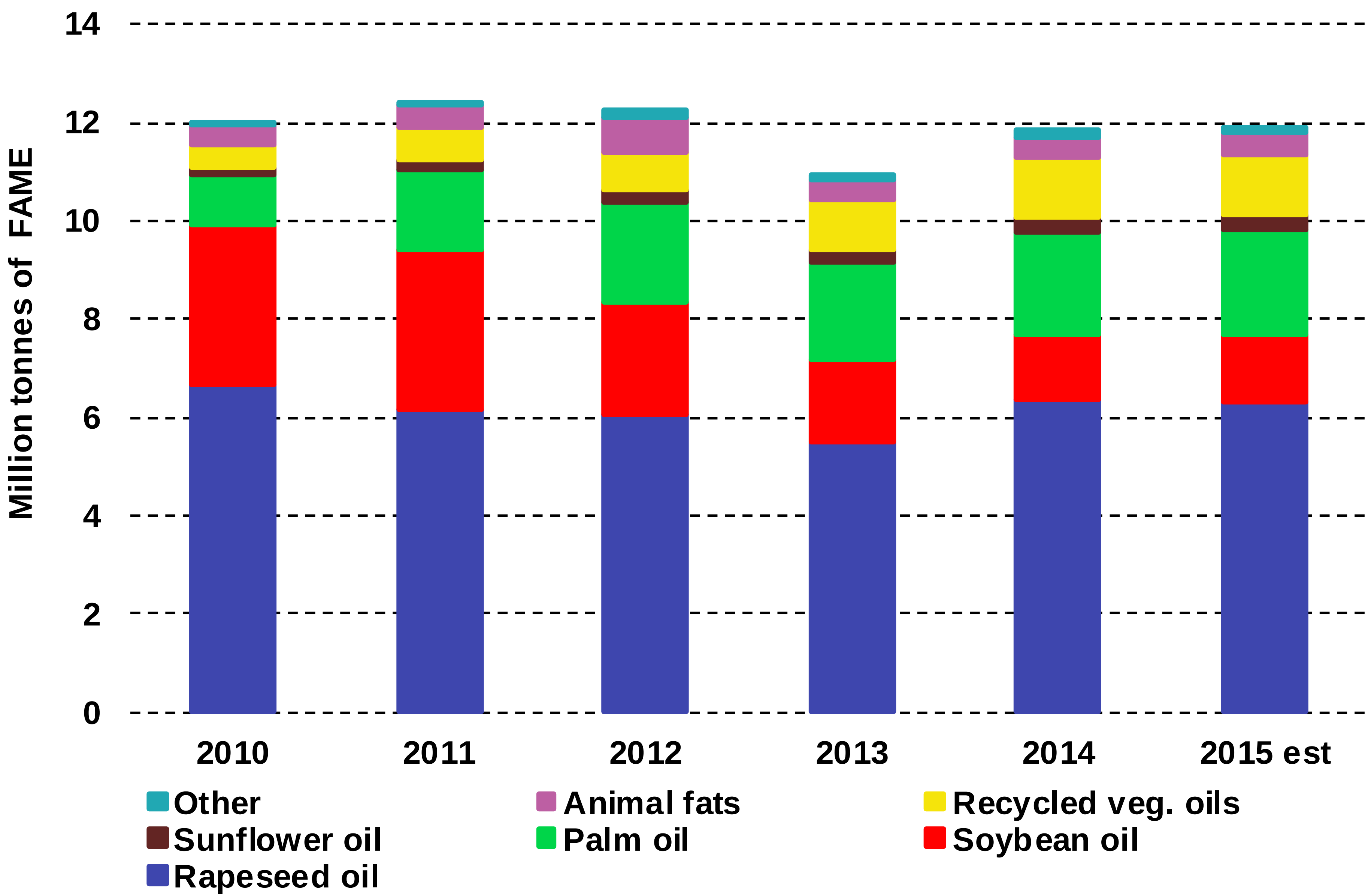


# Price developments and outlook

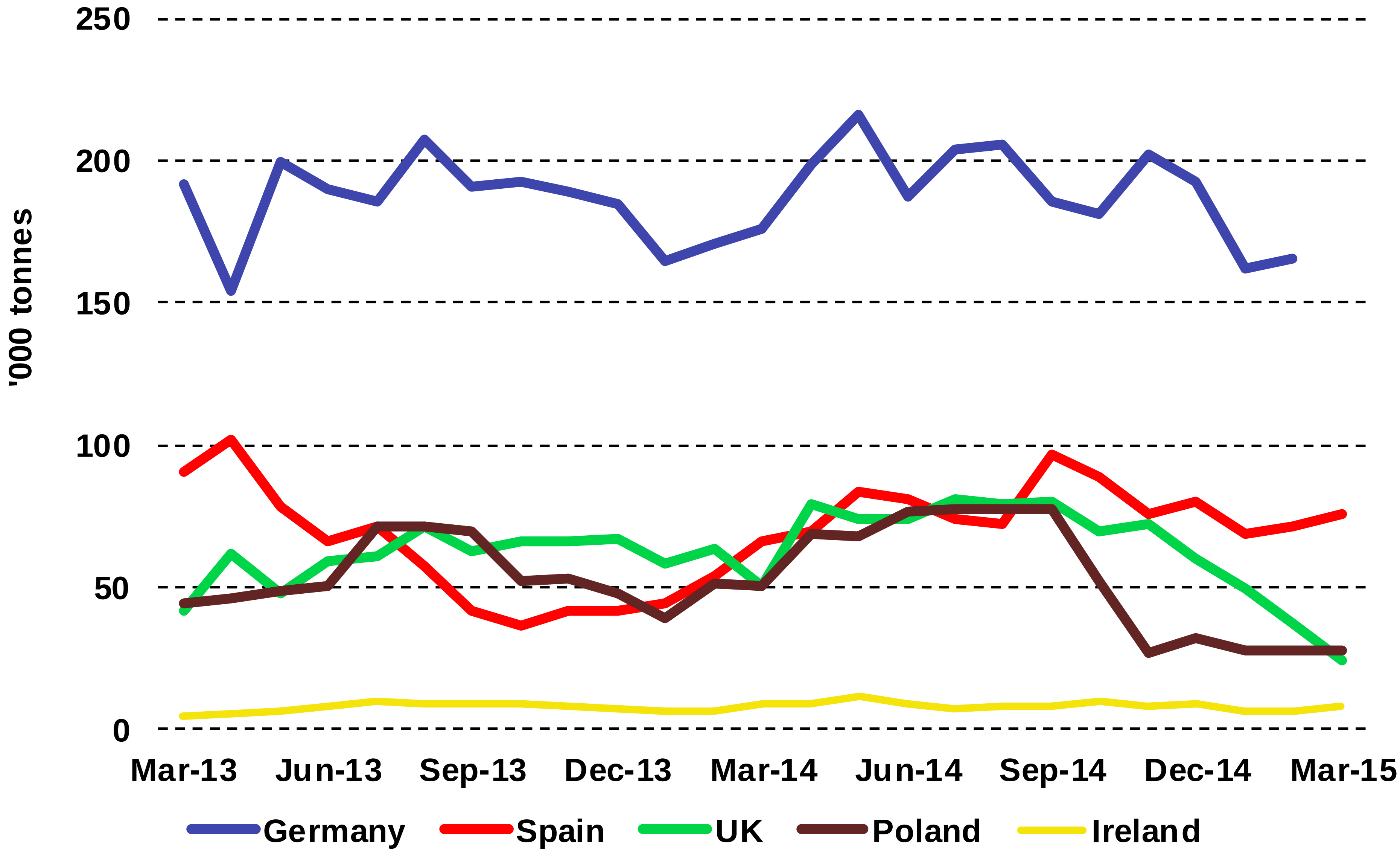
- Low feedstock and diesel prices have put downward pressure on RME, pushing prices to their lowest level since 2009.
- However, cheap diesel relative to RME has raised the incentive to use UCOME/TME.
- RME prices have the potential to rise in the remainder of 2015 as crude oil prices have turned a corner and rapeseed prices also look set to rebound. Moreover, margins are currently at very low levels which is also supportive of higher prices.

# Trends in biodiesel consumption

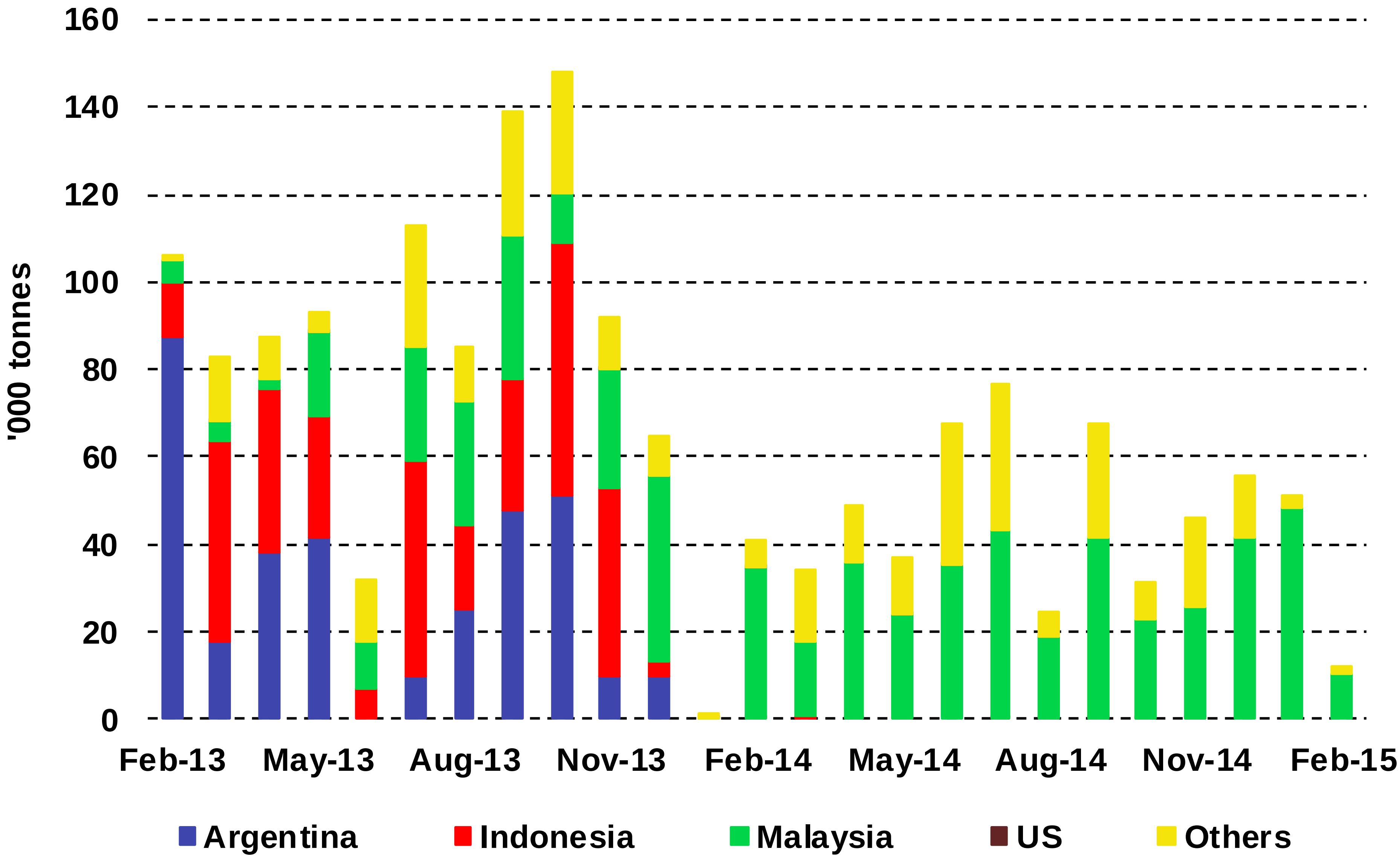
# EU-28 annual consumption of FAME by feedstock



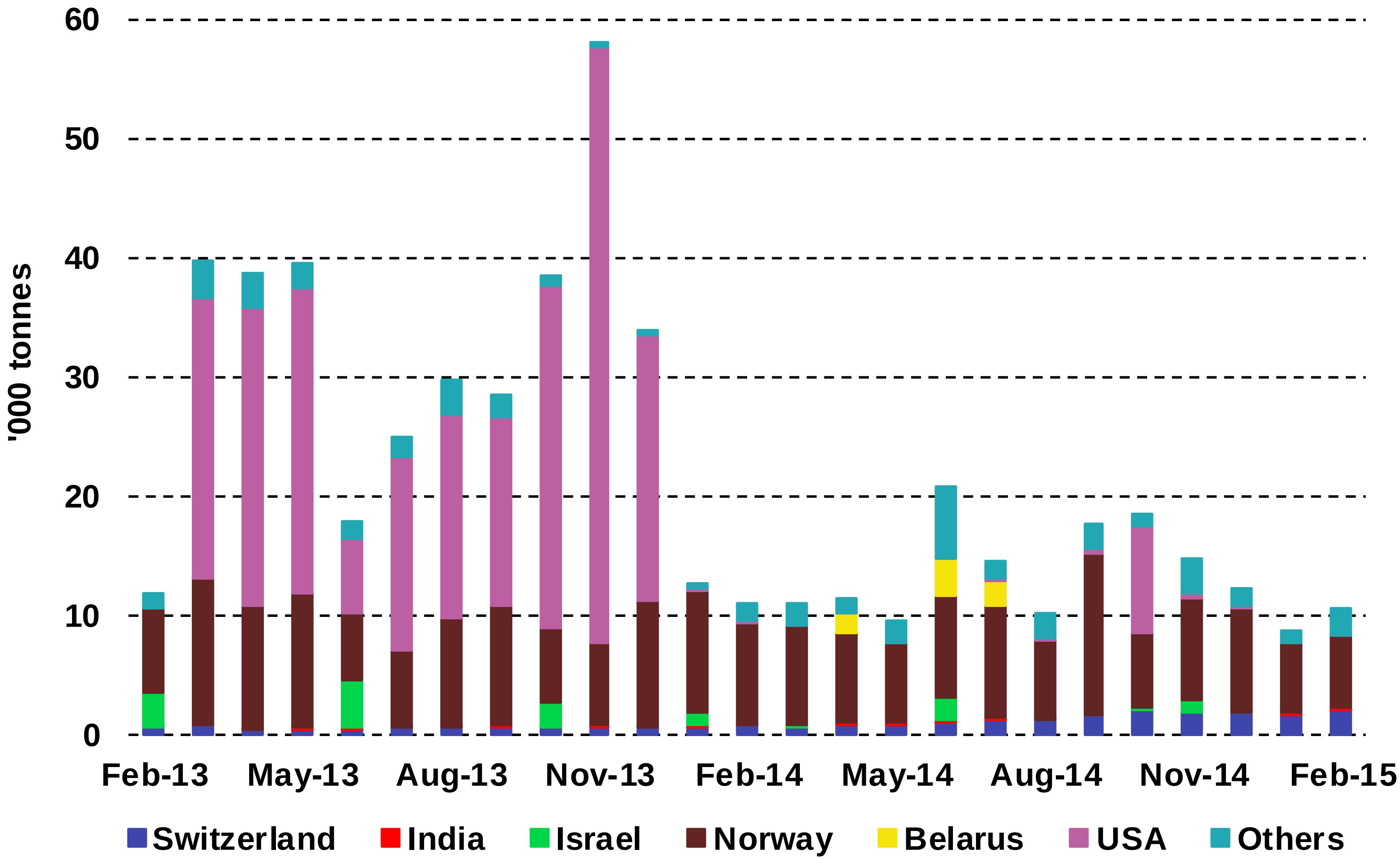
# Monthly biodiesel consumption by member state



# Monthly FAME imports into the EU-28



# Monthly FAME exports from the EU-28



# Key indicators and prices for Europe:

US$/tonne

| | Basis | 2011 | 2012 | 2013 | 2014 | Feb-15 | Mar-15 | Apr-15 | *May-15* | *Change Y/Y* |
|---|---|---|---|---|---|---|---|---|---|---|
| **EU** | | | | | | | | | | |
| FAME 0 | fob ARA | 1,340 | 1,158 | 1,137 | 1,017 | 807 | 815 | 810 | *839* | *-29%* |
| RME | fob ARA | 1,455 | 1,274 | 1,218 | 1,043 | 828 | 825 | 814 | *840* | *-29%* |
| SME | fob ARA | 1,357 | 1,176 | 1,165 | 1,022 | 811 | 817 | 810 | *839* | *-29%* |
| PME | fob ARA | 1,271 | 1,109 | 1,061 | 985 | 775 | 790 | 799 | *832* | *-28%* |
| TME | fob ARA | 1,379 | 1,246 | 1,249 | 1,123 | 881 | 879 | 889 | *930* | *-32%* |
| UCOME | fob ARA | 1,563 | 1,352 | 1,337 | 1,159 | 910 | 910 | 919 | *945* | *-34%* |
| Rapeseed oil | fob ARA | 1,368 | 1,240 | 1,082 | 907 | 751 | 749 | 745 | *767* | *-25%* |
| UCO | Delivered NW E | 1,158 | 1,079 | 1,027 | 880 | 678 | 691 | 706 | 733 | *-34%* |
| Tallow | NW E ex-factory | 998 | 881 | 770 | 710 | *487* | 473 | 506 | *538* | *-44%* |
| Diesel NW Europe | cif NW E | 956 | 989 | 946 | 874 | 578 | 565 | 558 | *608* | *-54%* |

Sources: Averages of market quotations.
The tallow price from February 2011 is for category 1 tallow, reflecting changes in EU double counting rules.

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