

# UCOTRADING



Argus Beijing, 29th March 2018

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## **UCO AND WASTE TRADE:**

KEY EXPORT REGIONS AND PRODUCT AND ARBITRAGE PRICING EXPLAINED  
QUALITY SPECIFICATIONS REQUIRED BY EUROPEAN BIODIESEL PRODUCERS

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# Whats happening with the uco prices in Europe?

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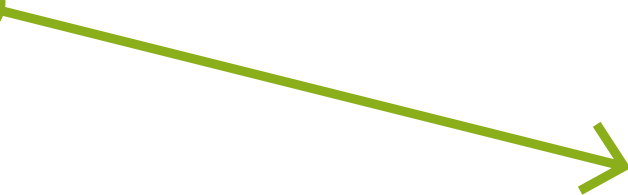


# Whats happening with the uco prices in Europe?

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**MARCH 2017**

930€/tn



**MARCH 2018**

510€/tn

**What can we do in this situation?**

**ADAPT  
COLLECTION  
PRICES TO THE  
MARKET TREND**





## How?

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- By controlling all the costs related to the uco supply chain and not pay any money for the waste to the restaurants and generators of the residue.

## **Main costs on the uco supply chain**

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- Collecting cost
- Logistics in origin
- Sustainability Certification
- Freight, Insurance and Financing
- Logistics at destination



## Collecting costs

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- In EU this costs varies between 200 and 300 €/mt for the collection. This costs includes:
  - Force of labour
  - Vehicles, fuel, insurance
  - Warehouse
  - Energy, water treatment, solids disposal
  - Operating costs
- PAYING FOR THE RESIDUE TO THE RESTAURANTS IS NOT INCLUDED. If you pay money it will increase the amount and it goes directly against the profit of the company.

## Logistics in origin

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- Inland transport from warehouse to the port
- Export dispatch
- THC
- Documents: Certificate of origin, BL, Export licence
- Packing: isotank, flexibag, IBC'S, drums
- Storage: shoretank, depot, external warehouse

# Certification

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- Cost for annual certification on ISCC-EU, RED or any other sustainability scheme authorized by the EU.

# Freight, Insurance and financing

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- Freight costs from FOB till CFR on its different packings: 20-40 feet container, isotank, bulk
- Insurance policy to cover the goods during the shipment. Also insurance for the currency
- Financial cost for the exporter or the importer depending on the agreement. Most common costs are: interest rate, swift transfer cost, L/C opening, transferring and confirmation costs, currency exchange costs



# Logistics at destination

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- THC at destination
  - Import dispatch
  - Documents: BL
  - Occupations at the yard
  - Demurrage costs for giving back container empty
  - Cost of heating for unloading
  - Storage: shoretank, depot, external warehouse
- Inland transport till the factory of destination

# Principal wastes used for biodiesel and its different quality specs required by european producers

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- UCO “PREMIUM”
- UCO
- Acid oils
- FFA
- Oleins
- Soapstock
- Pome



# IMPORTS UCO (1518 HS CODE)

## **PTrade Statistics (Imports - Exports)**

**Reporter(s) / Partner(s):  
EU28 / All partners**

**Product(s): 15180095**

**Year(s): 2017**

### **China, People's Republic of**

35.670.699 Import Value to the EU/MS (EURO)

55.303.000 Import Qty to the EU/MS (Kg)

### **Hong Kong**

10.409.315 Import Value to the EU/MS (EURO)

15.713.000 Import Qty to the EU/MS (Kg)

### **Indonesia**

28.427.294 Import Value to the EU/MS (EURO)

44.506.000 Import Qty to the EU/MS (Kg)

### **Malaysia**

34.298.910 Import Value to the EU/MS (EURO)

49.309.000 Import Qty to the EU/MS (Kg)

### **Singapore**

7.734.247 Import Value to the EU/MS (EURO)

11.573.000 Import Qty to the EU/MS (Kg)

### **Taiwan**

27.118.329 Import Value to the EU/MS (EURO)

41.881.000 Import Qty to the EU/MS (Kg)

### **United Arab Emirates**

14.893.889 Import Value to the EU/MS (EURO)

22.446.000 Import Qty to the EU/MS (Kg)

### **United States**

164.960.025 Import Value to the EU/MS (EURO)

247.268.000 Import Qty to the EU/MS (Kg)

# IMPORTS FFA (382319 HS CODE)

## Trade Statistics (Imports - Exports)

**Reporter(s) / Partner(s):**  
**EU28 / All partners**

**Product(s): 382319**

**Year(s): 2017**

### **China, People's Republic of**

7.447.365 Import Value to the EU/MS (EURO)

6.570.000 Import Qty to the EU/MS (Kg)

### **Hong Kong**

107.078 Import Value to the EU/MS (EURO)

219.000 Import Qty to the EU/MS (Kg)

### **Indonesia**

588.953.054 Import Value to the EU/MS (EURO)

784.922.000 Import Qty to the EU/MS (Kg)

### **Malaysia**

219.035.623 Import Value to the EU/MS (EURO)

322.933.000 Import Qty to the EU/MS (Kg)

### **Singapore**

70.334 Import Value to the EU/MS (EURO)

76.000 Import Qty to the EU/MS (Kg)

### **Thailand**

228.460 Import Value to the EU/MS (EURO)

202.000 Import Qty to the EU/MS (Kg)

# UCO PREMIUM

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- Huge demand from 1st Generation Plants to mix it with fresh oil and get UCOME full spec
- Quality: FFA max 3%, Sulfur max 30 ppm, IV min 90, MIU max 2%
- More demand than offer for this waste therefore HIGH PRICES
- Accepted for DC in all countries
- No Pre-treatment mandatory but often is neutralized to reduce acidity till 0,5% prior to convert into biodiesel

## UCO

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Worse quality due to longer use in the kitchen and worse treatment by the collectors

Higher FFA than the premium one (3-7%)

IV lower (40-80 ppm) as it is mainly made out from palm (Asia) or yellow grease (USA)

Sulphur higher than 40 ppm specially in the chinese and asian suppliers

Sometimes can be esterified acid oil with FFA 3% but sulfur higher than 120 ppm then. Ester content higher than 80%

Pre-treatment (neutralization) mandatory to reduce acidity prior to convert into biodiesel



# FREE FATTY ACIDS

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- Waste generated out of the physical refining (distillation) of crude vegetal or animal oil
- FFA higher than 70%, low sulfur and phosphorus
- Bright colour (white-yellow)
- Pre-treatment (esterification) necessary to reduce acidity prior to convert into biodiesel
- Big demand in Italy as its DC if the refinery is certified under the Italian legislation and european scheme as point of origin

# Oleins

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- Waste generated from the chemical refining of crude vegetal or animal oil
- FFA around 50%
- Higher content on sulfur (100-300 ppm) if vegetal and specially on animal origin (300-600 ppm) because of fur and nails
- Phosphorus (300-600 ppm) depending on the raw material)
- Pre-treatment (esterification) necessary to reduce acidity prior to convert into biodiesel
- Dark colour (brown-black)

# Soapstock

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- Waste obtained from the soap used in the crude oil chemical neutralization.
- Treated with strong acid you get a fatty part that is the olein.
- Content in 1 mt of soapstock varies from 20-50% of oleins

## **POME (Palm Oil Mill Effluent)**

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- POME is a waste water/sludge arising from palm oil production usually released to open ponds. The oil extracted from POME is often referred to as “Palm Sludge Oil” or “Sludge Palm Oil”
- Really high content in sulfur and phosphorus

## **An overview of the key European markets for UCO and Waste/residues from processing of vegetable or animal oil**

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- To find out the origin of the waste: Market access Database  
[http://madb.europa.eu/madb/statistical\\_form.htm](http://madb.europa.eu/madb/statistical_form.htm)
- To find out the destination in the UE: Trade Helpdesk  
<http://trade.ec.europa.eu/tradehelp/statistics>

# Assessing the current UCO market price and availability

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- Deep decrease in prices since March 2017 and there are no signs of an end in this downwards trend because of the huge imports of cheap biodiesel coming from Indonesia and Argentina.
- EUR/USD stable around 1,24. Declining of the Euro would deeply affect imports as margins are already too low.
- Actual prices in April:
  - 480€/mt CIF ARA for uco premium
  - 420€/mt CIF ARA for uco max 10% FFA
  - 375€/mt CIF ARA for FFA and Acid Oils



# NEWS AND CHANGES FOR THE ASIAN WASTE IN THE EU

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- Spanish market will have DC in 2019
- Italy opens now DC to foreign uco but it would be mandatory for all uco collectors and traders to fulfill the italian rules by certifying the point of origin.
- Total will open soon its HVO refinery in Marseille and Eni also in Venice.
- Those factors will contribute to higher demand of waste in the following months.

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# Logistic and document issues

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- UCO normally goes in isotank/flexibag due to small size of the collectors
- IV lower than 70 needs heating prior to unloading
- Countries with EUR1 avoid payment of 2% and 2,9% import tax in UE.
- Annex VII mandatory to travel with the waste
- Veterinary control in some countries (Portugal and Spain) due to the animal content of the uco
- Uco by bulk normally not affordable with volumes lower 1500 mt
- Very important to negotiate 7 days for free at the port of destination and 14 days to give back container empty to avoid extra costs at destination.

## Final remarks

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- Big demand for premium uco will remain for 1st generation plants however price follows the general market downtrend.
- Investments on distillation and neutralization allow to use the rest of the wastes for 2nd generation plants
- Neste is already producing from waste and some other producers like ENI and TOTAL will start immediately
- Also coprocessing of HVO in refineries with uco and waste is under production tests by different petrol companies all over Europe.
- Very exposed market to changes in legislation for period 2020-2030. Expectation to see the final REDII: EBB proposal for 8% incorporation of advanced biofuels and palm biodiesel not allowed.
- Strong Eur/usd helps imports
- Marine transport and aviation opportunity for 2nd generation biofuels



# THANKS A LOT FOR YOUR ATTENTION

**UCO TRADING SPAIN**, your specialist for the spanish waste based  
biofuels market.

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