UCOTRADING

GLOBAL BIODIESEL FOCUS, JAKARTA 3rd DECEMBER 2018"

EUROPEAN UCO MARKET FOR 2019

WHAT TO EXPECT AND HOW TO UNDERSTAND QUALITY AND LOGISTICS ISSUES TO SUCEED ON YOUR EXPORTS

Whats happening with the uco prices in Europe?

Whats happening with the uco prices in Europe?

MARCH 2017

930€/tn

DECEMBER 2018

480v €/tn

What can we do in this situation?

ADAPT COLLECTION PRICES TO THE MARKET TREND

How?

- 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

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

Collecting costs

- 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 dispossal
- 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

- 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

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

Freight, Insurance and financing

- 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, transfering and confirmation costs, currency exchange costs

Logistics at destination

- 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 wharehouse

Inland transport till the factory of destination

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

- 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

- 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

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

- 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

- 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

- 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 Efluent)

- 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

- To find out the origin of the waste: Market access Database 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

- 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.
- Weak EUR against USD around 1,12-1,14 levels affecting also imports as margins are already too low
- Actual prices in December:
- 480€/mt CIF ARA for uco premium
- 420€/mt CIF ARA for uco max 10% FFA
- 325€/mt CIF ARA for FFA and Acid Oils

NEWS AND CHANGES FOR THE ASIAN WASTE IN THE EU

- 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.

CO-PROCESSING AND HVO: A HUGE OPORTUNITY FOR THE LOW IV UCO

- Palm based uco faces problems on the EU winter season (Oct-May) because of its low IV (50-65). When converted to UCOME gives a CFPP of +12°C

- The EN14214 asks for -10°c, 0°c or +5°c depending on the EU markets what makes almost impossible to use low IV UCO in winter.

- HVO is huge opportunity for palm based waste as the result of the production gives an HVO valid as -30°c does not matter the IV of the raw material used. This makes low IV waste really attractive for co-processing and HVO also in winter season.

QUALITY REQUIRED FOR HVO AND CO-PROCESSING

- Content on metals is the key point. Catalyst only work with really low content on metals (max 25 ppm) and the waste does not fulfill this requirement

- Pre treatment is mandatory to clean the product and reduce the metal content prior to convertion in the refinery

- Fe+ K+ Na+ Mg+Ca should be max 25 ppm

- Ph max 50

Logistic and document issues

- 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

- 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 inmediately
- Also coprocessing of HVO in refineries with uco and waste is under production tests by different petrol companies all over Europe.
- Expectation to see the final REDII approved: 14% of fuel for transport purposes must come from renewable sources by 2030. From 2019 first generation biofuels will gradually phased out until reaches zero in 2030.
- Weak Eur/usd does not help imports of waste into EU.
- Marine transport and aviation oportunity for 2nd generation biofuels

THANKS A LOT
FOR YOUR ATTENTION

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

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