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Argus *Biofuels*

Daily international market prices and commentary

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HIGHLIGHTS

- Fame 0 leads biodiesel gains across all grades fob ARA range
- RSO producers await Ukraine tax decision
- UCO cif ARA loses ground on increase in offer volume
- Indonesia's palm oil inventory falls
- US keeps duties on Argentinean biodiesel

MARKET COMMENTARY

Ucome nears 2-month high, Fame 0 posts strong gains

Outright Ucome fob ARA range rose to a near two-month high on Wednesday, with RME and particularly Fame 0 outrights moving higher on sharp gains to premiums as well.

Ucome took the greater share of liquidity on *Argus* Open Markets (AOM) on Wednesday, with 10,000t of the waste grade changing hands for 20 May-10 June loading. The deals were done in a $825-833/t range and the grade's spot value was assessed at the $830.70/t average, firmer by $14.03/t on the session. This was the highest premium since 18 March, while the grade's outright value rose to its firmest since 19 March, despite a $4.75/t slip in the 7-28 days gasoil price.

The easing of lockdown measures across some European countries led to the increase in demand for biodiesel, particularly for waste-based product, participants said.

This comes at a time of limited feedstock availability, with domestic collection of used cooking oil (UCO) severely limited and imports from China only slowly returning.

RME traded seven times in a $540-542/t range. The grade's spot value was assessed at the $541.14/t average, higher by $15.64/t on the session. This was the highest premium since 6 May, while the grade's outright value rose to its firmest since 5 May.

Four prompt Fame 0 barges changed hands, at between $419/t and 425/t. Spot value was assessed at the $421.75/t traded average — the highest premium since 10 March — higher by $25.53/t on the session. The grade's outright price was at its firmest since 20 April.

Trade of biodiesel paper was more subdued, with Fame 0 done for 4Q at $360/t (6,000t/month), for 3Q at $372/t (5,000t/month), for the August-September strip at $375/t (2,000t/month) and with the RME/Fame 0 spread changing hands for 3Q at +$187/t ($550/t, $363/t) for 1,000t/month.

PRICES

Biofuels spot prices	Bid	Ask	±
RED biodiesel			
Palm OME fob ARA range	622.00	632.00	+21.00
Rapeseed OME fob ARA range	781.00	791.00	+10.00
Soya OME fob ARA range	702.00	712.00	+21.00
FAME 0°C CFPP fob ARA range	662.00	672.00	+21.00
FAME -10°C CFPP fob ARA range	769.00	779.00	+11.00
FAME 0°C CFPP cif Genoa	667.00	677.00	+21.00
UCOME fob ARA range	1,070.95	1,080.95	+9.28
Tallow OME fob ARA range	1,060.95	1,070.95	+9.28
RED ethanol T2 fob ARA range			
68pc GHG savings inc duty *€/m³*	497.00	507.00	-3.00
68pc GHG savings inc duty	682.39	696.12	-6.38
68pc GHG savings diff to Eurobob oxy	466.14	479.37	
50-60pc GHG savings inc duty *€/m³*	497.00	507.00	-3.00
50-60pc GHG savings inc duty	682.39	696.12	-6.38
50-60pc GHG savings diff to Eurobob oxy	466.14	479.37	
ETBE			
ETBE fob Rotterdam (12 May)	387.00	387.75	-2.38
Diff to MTBE (12 May)		+42.00	

$/t

Rapeseed oil (RSO)	Contract	Bid	Ask	±
RSO fob Dutch mill	prompt	721.50	731.50	+1.50
RSO fob Dutch mill	ASO	726.00	730.00	+1.50
RSO fob Dutch mill	NDJ	733.00	737.00	+2.00
RSO fob Dutch mill	FMA	726.00	734.00	-1.00

€/t

Used cooking oil (UCO)	Bid	Ask	±
UCO cif ARA	700.00	730.00	-7.50
UCO ex-works Netherlands €/t (7 May)	725.00	735.00	+10.00
UCO ex-works Netherlands (7 May)	781.84	792.62	-4.85

$/t

Ice gasoil swap	Value	±
7 to 28 days forward	245.25	-4.75

$/t

Gasoil spreads	Month	Value	±
Palm oil-gasoil spread (Pogo)	Jul	207.00	9.75
Bean oil-gasoil spread (Bogo)	Jul	311.50	-3.50

$/t

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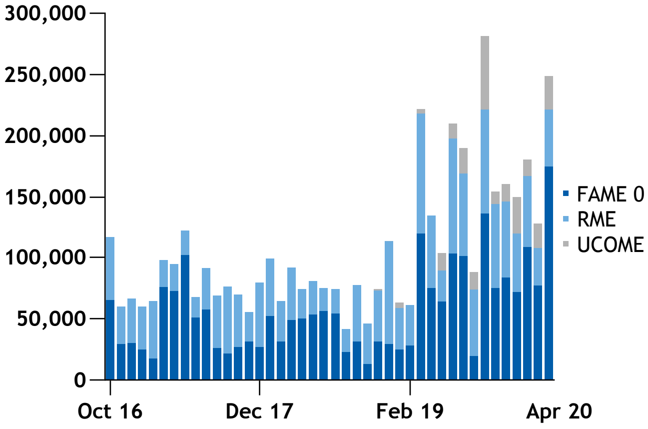
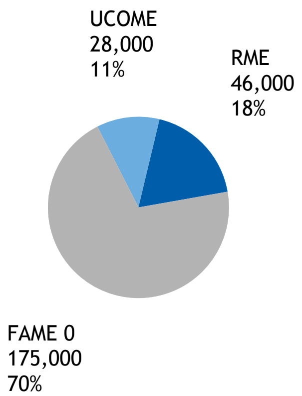
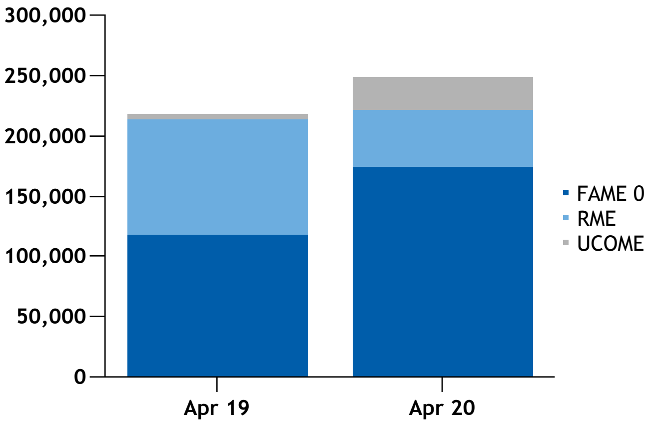
Total trade RME, Fame 0, UCOME *t*



Total trade RME, Fame 0, UCOME (Apr 20) *t*



Total trade RME, Fame 0, UCOME (Apr 20 vs 19) *t*



RED biodiesel fob ARA range, premium to Ice gasoil 7-28 day

Transaction	Price ($/t)
FAME 0°C CFPP, loading 20 May 2020 - 10 Jun 2020 (1,000t)	
Gunvor buys from Alvari	+419.00
Gunvor buys from Ambrian Energy	+420.00
Gunvor sells to Petroineos	+425.00
Gunvor sells to Astra Bioplant	+423.00
Rapeseed OME, loading 20 May 2020 - 10 Jun 2020 (1,000t)	
Gunvor buys from Saipol	+540.00
Gunvor buys from Shell	+542.00
Mercuria buys from Glencore	+541.00
Gunvor buys from Glencore	+541.00
Total buys from Shell	+541.00
Gunvor buys from Envien Trading	+542.00
Gunvor buys from Glencore	+541.00
UCOME, loading 20 May 2020 - 10 Jun 2020 (1,000t)	
Gunvor buys from Shell	+830.00
Gunvor buys from Vitol	+830.00
Gunvor buys from Greenergy	+830.00
Gunvor buys from Shell	+833.00
Vitol sells to BP	+825.00
Gunvor buys from Greenergy	+830.00
Gunvor buys from Vitol	+830.00
Astra Bioplant buys from Greenergy	+833.00
Gunvor buys from Vitol	+833.00
Gunvor buys from Greenergy	+833.00

Feedstocks

Fob Dutch mill rapeseed oil (RSO) prices moved in mixed directions today as prices increased at the front and the middle of the curve and fell at the back of the curve. Euronext rapeseed futures decreased on the back of falling Chicago-listed soybean futures while some support came from firmer Malaysian palm oil futures and a weaker euro against the US dollar.

August-September-October (ASO) traded at €728/t with bids and offers between €727-730/t. The assessment was set at €726-730/t, up by €1.50/t on the day. As trading interest for May single and June single remained absent, prompt RSO 5-40 loading was set in line with the increase seen for ASO and set at €726.50/t. Bids and offers heard for the June-July strip ranged between €725-732/t.

November-December-January (NDJ) dealt at €735/t and bids and offers for the strip where heard between €733-740/t. NDJ was assessed between €733-737/t, up by €2/t on the day. Bids and offers for February-March-April (FMA) were heard between €726-734/t and the assessment was set in that range, down by €1/t on the day. Further ahead, May-June-July (MJJ) bid-offered between €724-732/t.

Waste-derived feedstocks

Prices for imported used cooking oil (UCO) cif ARA have softend so far this week as offers from Chinese suppliers have picked up in volume and moved lower in price.

The easing of lockdown measures in several EU member states has so far supported waste biodiesel prices in ARA. While UCO should track this in the coming weeks, for now Chinese exporters are offering at more competitive rates.

Selling interest was broadly reported in a $710-730/t range for standard specifications material. Offers for product of Malaysian origin with a low iodine value (IV) of 50-55 was heard around $700/t, while buying interest was around $690-695/t for the same specifications.

A UCO cif ARA trade was reported at $700/t for product with 6pc free fatty acid (FFA) content and IV 80. Moving into the summer months, the premium of UCO with FFA5 over UCO with FFA6 is expected to narrow. *Argus* assessed UCO cif ARA at $700-730/t and down by $7.50/t from Tuesday's close after a couple of sessions without price moves. Demand from German and Dutch biodiesel factories remained strong and most bids were heard in a €720-740/t range for product delivered to biodiesel plants.

European ethanol

T2 spot values edged lower in the midweek session as liquidity increased in the afternoon window.

Three 50-60pc GHG savings ethanol barges changed hands in the ARA hub for the first time since 15 April. All three barges changed hands at €502/m³, with one for each of 18-22, 21-25 and 24-28 May loading dates.

At the end of the session buying interest for spot ethanol remained at €503/m³ for 18-22 May loading dates, while selling interest remained from one participant at €510/m³ for later 21-25 May loading dates.

Argus set spot value at €502/m³, the level of all three deals conducted and €3/m³ lower than in the previous session. Spot value for 68pc GHG savings ethanol was set at parity with the lower savings tag.

But liquidity slowed on the 50-60pc GHG savings ethanol paper market. The June/July spread dealt at -€4/m³ (€501/m³, €505/m³) before June dealt five times at €501/m³.

German GHG reduction obligation*		*€/t CO2e*
Range week ending 7 May	Low	High
Compliance year 2019	280	300
Compliance year 2020	370	400

**Treibhausgasminderungsverpflichtung*

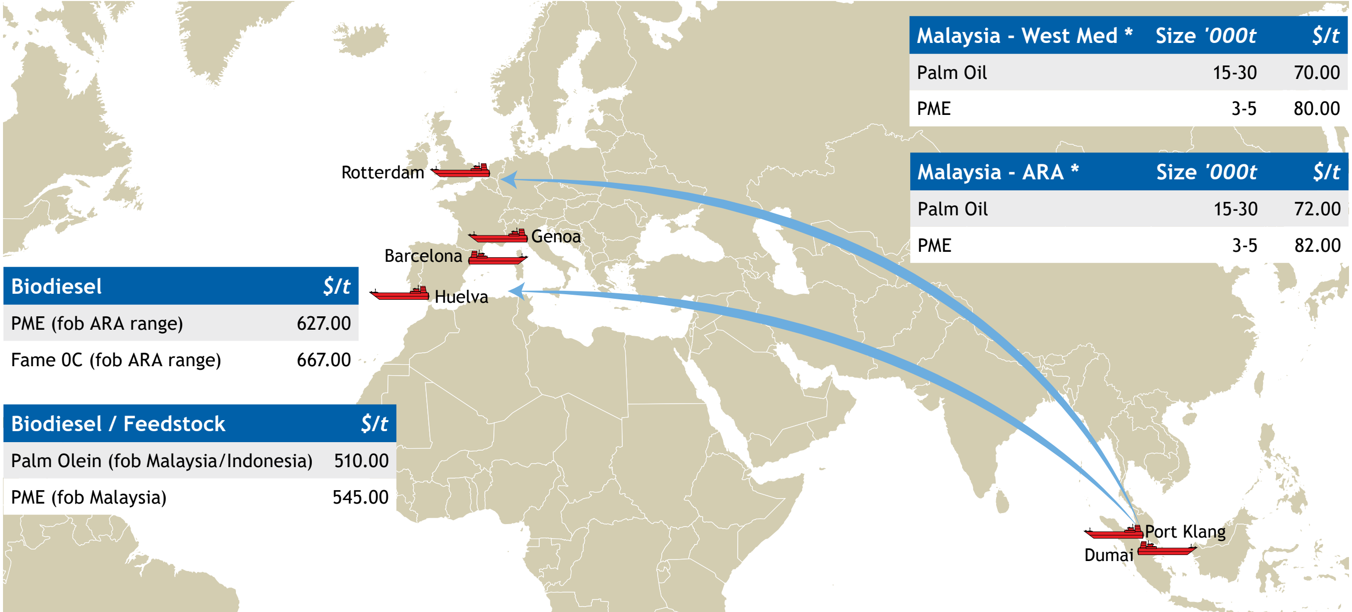
UK GHG reduction credit		*p/kg CO2e*
Range week ending 7 May	Low	High
Compliance year 2019	0.40	0.60
Compliance year 2020	2.70	3.20

UK renewable fuel transport certificate		*p/RTFC*
Range week ending 7 May	Low	High
Compliance year 2019	21.50	25.00
Compliance year 2020	27.00	29.00

RED swaps and forward physical prices *$/t*

	RME RED swap		Fame 0°C CFPP RED swap		PME RED forward physical		SME RED forward physical		Fame -10°C CFPP RED forward physical		Ethanol NWE T2 RED swap €/m³	
Contract	Mid	±	Mid	±	Mid	±	Mid	±	Mid	±	Mid	±
Jun	812	+11.00	662	+11.00	617	+11.00	707	+11.00	797	+11.00	501	nc
Jul	819	-4.00	649	+1.00	599	+1.00	699	+1.00	802	-4.00	505	-1.00
Aug	833	+2.00	648	+2.00	598	+2.00	698	+2.00	815	+2.00	510	nc
3Q20	833	+2.00	648	+2.00	598	+2.00	698	+2.00	815	+2.00	509	-1.00
4Q20	843	+7.00	658	+2.00	603	+2.00	713	+2.00	825	+7.00	510	nc
1Q21	849	+7.00	674	+17.00	614	+17.00	729	+17.00	832	+8.00	511	nc

PME / Palm oil freight



Malaysia - West Med *	Size *'000t*	*$/t*
Palm Oil	15-30	70.00
PME	3-5	80.00

Malaysia - ARA *	Size *'000t*	*$/t*
Palm Oil	15-30	72.00
PME	3-5	82.00

Biodiesel	*$/t*
PME (fob ARA range)	627.00
Fame 0C (fob ARA range)	667.00

Biodiesel / Feedstock	*$/t*
Palm Olein (fob Malaysia/Indonesia)	510.00
PME (fob Malaysia)	545.00

Asia-Pacific biofuels

PME markets remained quiet amid wide bid-offer gaps.

Offer levels found support from rebounding palm oil prices, which recovered losses incurred yesterday following data that showed Malaysia's production and stock levels rising by 18pc in April from a month earlier.

Signs of a recovery in demand for mainly waste-based grades — as European countries began to lift lockdown measures — did not spark any buying interest for PME.

No used cooking oil methyl ester (Ucome) deals have been reported so far this week but traders said negotiations may likely close at around $860/t fob China.

Chinese UCO producers have welcomed the easing of lockdown measures across Europe, anticipating an increase in buying interest, although gains have yet to materialise and prices remain pegged at around $675/t fob.

Offer prices for Palm Oil Refiners Association of Malaysia specification palm oil methyl ester were posted at around $450/t fob Malaysia but no firm business was concluded. Higher free fatty acid product was offered at around $420/t.

Few fresh price indications emerged for Asian ethanol as demand remained weak in import markets, India and the Philippines.

Pakistani producers remain optimistic that the global thirst for extra neutral alcohol is not yet quenched, while buyers have yet to return to the quiet anhydrous market.

International biodiesel and feedstock prices			*$/t*
	Bid	Ask	±
RED PME fob Malaysia	490.00	600.00	+5.00
RED PME fob Indonesia	480.00	620.00	+5.00
RED PME fob Singapore	490.00	600.00	+5.00
RED POME fob Malaysia/Indonesia (6 May)	450.00	460.00	-20.00
RED UCOME fob southeast China (6 May)	740.00	840.00	-40.00
RED UCOME bulk fob southeast China (6 May)	750.00	850.00	-40.00
RED UCO fob southeast China (6 May)	665.00	685.00	+20.00
RED UCO bulk fob southeast China (6 May)	665.00	685.00	+20.00
SME fob Argentina upriver (12 May)	637.83	649.95	-3.42
SME fob Houston B100 (12 May)	708.90	732.82	-8.31
SME fob Houston B100 (12 May) *¢/USG*	237.09	245.09	-2.78
Arg SBO diff to CBOT 1st mth (12 May) *¢/lb*	-0.95	-0.40	

Palm olein Malaysia/Indonesia fob			*$/t*
	Bid	Ask	±
Prompt	505.00	515.00	+5.00
Jun	500.00	507.50	+5.00
Jul	495.00	502.50	+5.00
Aug	495.00	502.50	+5.00

Freight (11 May)			
	Size *'000t*	*$/t*	±
Malaysia - ARA *			
Palm Oil	15-30	72.00	nc
PME	3-5	82.00	-5.00
Malaysia - West Med *			
Palm Oil	15-30	70.00	nc
PME	3-5	80.00	-5.00

International ethanol spot prices			*$/t*
	Bid	Ask	±
fob Pakistan	1,120.00	1,170.00	nc
fob Pakistan (hydrous)	1,050.00	1,100.00	nc
cfr Mumbai	525.00	530.00	-5.00
cfr Philippines *$/m³*	400.00	415.00	-5.00
B-grade cfr northeast Asia *$/m³*	500.00	540.00	nc

US biofuels

Chicago ethanol values climbed going into the US midday supported by Energy Information Administration (EIA) data.

Domestic ethanol production increased to 617,000 b/d for the week to 8 May from 598,000 b/d the prior week. The midcontinent accounted for most of the gains, increasing output by 17,000 b/d to 588,000 b/d. Year on year, ethanol production was 41pc lower.

Ethanol inventories in the US shrank by 1.4mn bl to 24.2mn bl, their lowest since the week ended 20 March. Inventories on the East coast fell the most, by 555,000 bl to 8.5mn bl. Year on year, stocks were 1.9mn bl higher.

Chicago Rule 11 railcars shipping this week were quiet pre-stats but traded at 113¢/USG and then 114¢/USG afterward, firming by 3.4¢/USG.

Prompt in-tank transfers at Kinder Morgan's Argo terminal rose by 2.85¢/USG with volumes changing hands post-stats at 113¢/USG. Bids and offers surfaced earlier in the session at 111¢/USG and 111.75¢/USG, respectively.

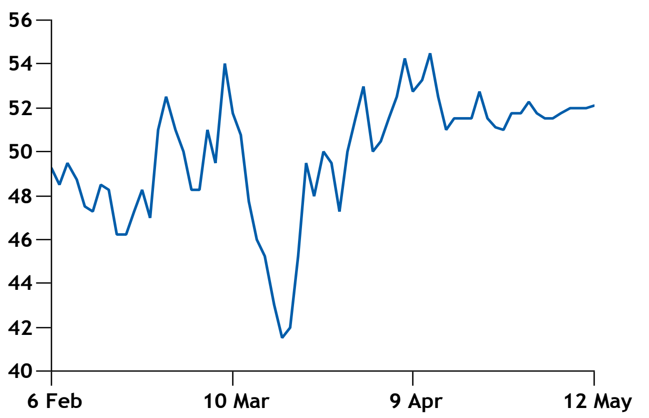
May barges at New York Harbor were unchanged, with no new market information surfacing.

Mild D6 RIN losses continued to pressure the *Argus* Renewable Volume Obligation (RVO).

The *Argus* RVO fell by 0.01¢/USG to 4.81¢/USG. Current year ethanol D6 credits were last bid and offered at 35.5¢/RIN and 36¢/RIN, decreasing by 0.5¢/RIN to 35.75¢/RIN. Volumes changed hands earlier between 35.75¢/RIN and 36¢/RIN. Prior year credits were bid at a 4¢/RIN discount to the current year and offered at a 3¢/RIN discount.

Biomass-based diesel D4 credits with 2020 vintage rose by 1.4¢/RIN to 53.5¢/RIN between bids and offers at 53¢/RIN and 54¢/RIN. Advanced biofuel D5 credits for the current year remained at a 0.5¢/RIN discount to D4 credits of the same vintage year. Cellulosic biofuel D3 RINs were unchanged from 101.5¢/RIN, with no new market activity reported.

RIN biomass-based diesel (D4) current year ¢/RIN



Biodiesel spot price averages May to date		$/t
	Bid	Ask
RED		
Palm OME fob ARA range	585.75	595.75
Rapeseed OME fob ARA range	775.63	785.63
Soya OME fob ARA range	660.75	670.75
FAME 0°C CFPP fob ARA range	625.75	635.75
FAME -10°C CFPP fob ARA range	760.63	770.63
FAME 0°C CFPP cif Genoa	630.75	640.75
UCOME fob ARA range	1,041.61	1,051.61
Tallow OME fob ARA range	1,031.61	1,041.61
International		
RED PME fob Malaysia	476.67	591.67
RED PME fob Indonesia	460.00	611.67
RED PME fob Singapore	476.67	591.67
SME fob Argentina (to 12 May)	637.46	647.84

Feedstocks spot price averages May to date		€/t
	Bid	Ask
Rapeseed oil fob Dutch mill	704.31	713.81

Ethanol spot price averages May to date		$/t
	Bid	Ask
RED T2 fob ARA range		
68pc GHG savings inc duty *€/m³*	495.06	504.44
68pc GHG savings inc duty	681.21	694.11
68pc GHG savings diff to Eurobob oxy	+473.21	+485.61
50-60pc GHG savings inc duty *€/m³*	495.06	504.44
50-60pc GHG savings inc duty	681.21	694.11
50-60pc GHG savings diff to Eurobob oxy	+473.21	+485.61
International		
fob Pakistan	1,120.00	1,170.00

Ice gasoil settle		$/t
Contract	**Value**	**±**
Jun	245.25	-4.75
Jul	261.00	-4.00
Aug	270.75	-3.75

Reference prices			$/t
	Month	**Settle**	**±**
CBOT soybean oil futures (16:30 GMT)			
	May	571.88	-1.54
	Jul	572.54	-7.50
	Aug	576.95	-6.83
Malaysia palm oil futures			
	May	475.81	+9.76
	Jun	470.96	+5.37
	Jul	467.95	+5.82
	Bid	Ask	±
Glycerine fob SE Asia	330.00	350.00	nc

NEWS

RSO producers await Ukraine tax decision

European rapeseed oil (RSO) producers are waiting for a final decision by the Ukraine government about value-added tax (VAT) refunds on rapeseed exports as uncertainty about the tax reimbursements slows forward contracting and creates price insecurity.

Since the beginning of 2020 only Ukrainian farmers who export rapeseed directly have been eligible for the 20pc VAT reimbursement, whereas trade associations that do not grow rapeseed but export the crop cannot apply for refunds. Small and medium sized farmers who lack logistical resources have been struggling to continue normal export operations this year as they are reliant on co-operation with export conglomerates.

A new bill was passed by the Ukrainian parliament on 16 January reintroducing the right of VAT refunds on rapeseed exports for all market participants. But the law still needs to be signed by the president before entering into force with no indication about a timeframe given by the Ukrainian government. This is causing uncertainty in the market and some market participants expressed doubt about whether the bill will ever be finalised.

Ukraine is the EU's largest rapeseed supplier for the 2019-20 season, with a near 60pc share as its rapeseed exports to the EU totalled 2.9mn t between 1 July 2019 and 10 May 2020. While exports from Ukraine to the EU in July-December 2019 were 60pc higher than in the same period the previous year, imports in January and February 2020 fell by around 35pc on the year.

Most of the Ukrainian rapeseed from 2019-20 was exported before the end of December in anticipation of the new VAT regulation, according to the European vegetable oil and proteinmeal industry association Fediol.

The Ukrainian crop production forecast for the 2020-21 crop year is estimated at 3mn t, down by 0.4mn t on the year, primarily caused by a decline in harvested area of almost 200,000ha from 2019-20, according to consultancy firm UkrAgroConsult.

A similar taxation regulation excluding VAT refunds for soybean exports has been in place in Ukraine since September 2018. The market has adapted to the regulation and around 87pc of soybean harvested domestically has been exported in the past two seasons, according to UkrAgroConsult. Against this backdrop, the consultancy forecasts rapeseed exports will remain high at 2.7mn t in the 2020-21 crop year.

The decline in exports on the year is primarily caused by lower harvested area in Ukraine and reduced local output in the next marketing year, not by the tax regulations, the consultancy said. The Euronext rapeseed August contract, from which many Ukrainian exporters price their rapeseed, settled at €370/t yesterday, around €7/t higher on the year. The rapeseed futures market has remained in contango since the beginning of April.

By Leonidas Kanonis and Sophie Barthel

Portugal biofuel firms want 2020 physical blend law

The temporary physical blending mandate for biofuels enforced by Portugal in April to boost biodiesel production is insufficient and must be extended to the end of the year, according to local biofuels producer association APPB.

Portugal imposed a 6.75pc minimum temporary physical blend mandate for biodiesel blending on 21 April after APPB highlighted that the drop in demand from the excessive use of biofuels tickets to meet blend mandates at the expense of physical volumes had slowed run rates excessively and halted plants.

The "sharp reduction in the processing of virgin oils was causing a shortage of oil-based meal for the animal feed sector", APPB general secretary Jaime Braga told *Argus*. "The government has enforced a physical minimum until 2 June. APPB considers this to be too short and is asking for it to be extended until the end of the year," he said.

Given the seasonal nature of biofuels blending and an expected acceleration of the 20pc fall in road fuels demand in Portugal from Covid-19 containment measures in March, the physical blend mandate will not be in place long enough to support the sector.

Portugal's physical biofuels blending has fallen to record lows this year, an unforeseen consequence of increasing its blend mandate to 10pc in 2020 from 7.5pc, since blenders ramped up purchases of biofuels tickets in 2019 ahead of the mandate hike to cover the extra volumes required.

The biofuels content in road fuels fell to about 2.5pc in February, its lowest in at least four years. It recovered to about 4.6pc in March, largely on the restart of units at Galp's Sines refinery, which coprocesses about 44,000 m^3/yr of hydrotreated vegetable oil (HVO) with conventional crude.

Assessment rationale

Biodiesel FAME 0°C CFPP RED ARA range barges fob (PA0009276), biodiesel rapeseed OME RED ARA range barges fob (PA0009274) and rapeseed oil fob Dutch mill (PA0007785) were assessed on the basis of transactions, bids and offers, as and when these are identified in the market commentary, and other market data, in accordance with the methodology.

The restart at Sines drove a 67pc increase in biodiesel production with virgin oils to 16,400t in March from record lows in February. HVO production surged fivefold to 4,200t of oil equivalent, according to energy sector regulator Ense.

But the increase could not offset a 27pc fall in production of double-counted biodiesel from waste on the month to 11,900t, and total biofuels output in Portugal fell by 8pc on the month to 26,000t in March.

Fatty acid methyl ester (Fame) prices in Portugal, which had further dissuaded blenders from buying physical volumes by surging against crude values in January and February, fell by 7pc to €810/m^3 in March from a two-year high in February, but remained at a premium to the oil component of road fuels. APPB targets physical biofuels blending to average 6-7pc in 2020, up from 4-5pc in 2019.

By Jonathan Gleave

Indonesia's palm oil inventory falls in March

Indonesia's palm stocks totalled 3.42mn t at the end of March, down by 16pc from February but 40pc higher than a year earlier, according to the Indonesian palm oil association.

Palm oil output declined by 1pc from February to 3.58mn t in March, which was 17pc lower than in the same month last year. Crude palm oil exports rose to 637,000t, up by 21pc on the month and just over double levels in March 2019.

Exports of processed palm products edged up by 3pc on the month to 2.08mn t, continuing a slow rebound from January's three-year low of 1.69mn t as key buyer China reopened for business. But exports were still 22pc lower than in March 2019.

Domestic palm oil consumption fell by 4pc from February to 1.5mn t but was up by 5pc on the year. The biodiesel industry consumed 673,000t, flat from a month earlier and a 28pc increase from March 2019, as Indonesia's B30 mandate supported demand for blending despite a month-on-month drop of around 18pc in diesel consumption.

A 14pc uptick in demand for oleochemicals from February to 104,000t, including the glycerin used to manufacture hand sanitisers, helped counteract a drop in demand from the food industry, which fell by 8pc to 721,000t.

By Lauren Moffitt

Indian palm refiners seek import ban

Indian palm oil refiners are lobbying for a ban on refined imports after 39 licences were suspended for suspected rule violations.

Import permits on refined, bleached and deodorised (RBD) palm olein were made mandatory in January to protect the local industry, when around 1mn t worth of permits were approved to enter the country. But the Directorate General of Foreign Trade is investigating 37 licences that were issued to product originating from Nepal and Bangladesh amounting to 300,000t and two Indonesian-origin permits totalling 150,000t.

Suspicions were aroused as Nepal and Bangladesh had no palm refining capacity but could export to India without paying customs duties, while the two largest palm producers in the world Indonesia and Malaysia were required to pay a 45pc import tax.

"Some of the companies that held licenses I never even heard of, they are not regular palm traders," said executive director of the Solvent Extractors Association of India (SEAI) Dr B. V. Mehta. Mehta added that much of the material was coming on trucks via land borders in east India, and that those found in violation of the rules will have to pay any owed duties in full.

The SEAI wants to prohibit all RBD imports and to just allow crude palm oil inflows, given that India has around 20mn t/yr of refining capacity that is only half utilised.

Covid-19 lockdown measures are also hastening the call for a ban as local palm consumption has dropped to around 300,000 t/month from 700,000 t/month. Current restrictions are in place until 17 May but expected to be extended and Mehta emphasised that demand, particularly from hotels and restaurants, will likely remain muted for months even after restrictions are lifted.

Mehta also pointed to the fact the export duties of refined palm from Indonesia were lower than those for crude palm oil, making landed prices of the latter more expensive. Average cif India prices of RBD palm olein were \$703/t in February and at \$708/t for CPO, though the discount was

Proposal to stop FAME 0°C CFPP cif Genoa assessments

Argus proposes to cease publication of RED biodiesel FAME 0°C CFPP cif Genoa daily spot price assessments from 1 July 2020, given a lack of representative physical market liquidity.

Argus will accept comments on this change up to Friday 12 June 2020. To discuss comments on this proposal, please contact John Houghton-Brown at john.hbrown@argusmedia.com or + 44 (0) 20 7780 4281. Formal comments should be marked as such and may be submitted by email to biofuels@argusmedia.com or by post to John Houghton-Brown, *Argus* Media, Lacon House, 84 Theobald's Road, London WC1X 8NL and received by 12 June 2020. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.

nearly $50/t in May last year. RBD olein imports totalled just 300,000t between November 2019-February 2020, compared with 650,000 t a year earlier, prior to restrictions.
By Amandeep Parmar

US keeps duties on Argentinean biodiesel

The US will leave steep duties in place on Argentinean biodiesel imports after a more than 18-month review.

Opponents of the tariffs failed to show sufficient change to the circumstances that led to anti-dumping tariffs in 2018 and countervailing tariffs against the imports in 2017, the US Department of Commerce said in a federal register notice.

US Imports of Argentinean biodiesel peaked in 2016 at 61,000 b/d but vanished in the fall of 2017 with the beginning of the countervailing tariffs. The combined tariffs range from 133-158pc.

The National Biodiesel Board, Iowa governor Kim Reynolds (R), US Representative Darin LaHood (R-Illinois) and US Senator Chuck Grassley (R-Iowa) argued against any change in comments to the department.
By Elliott Blackburn

Colombia slaps import duties on US ethanol

The Colombian government imposed countervailing duties on US ethanol imports for two years, claiming that US subsidies for ethanol are threatening national producers, the Ministry of Commerce, Industry and Tourism said.

The government imposed duties of $0.1997/gallon on U.S. ethanol exports to Colombia, which is equivalent to a 13.2pc tariff, the ministry said. The measure took effect on May 7.

The Colombian biofuel industry (Fedebiocombustibles) and the sugar industry association (Asocaña) had asked the government to impose countervailing duties on US corn-based ethanol after the government lifted a 9.35pc tariff on imports from the US in September.

The 15-month long investigation carried out by the government determined that 68.7pc of the total subsidised corn in the US goes to produce ethanol. "The investigation showed that there is damage to the economic performance and the financial indicators of national producers, due to subsidised imports," the Ministry of Commerce said.

Jorge Bendeck, president of Fedebiocombustibles, told *Argus* he welcomed the announcement but noted that the duty still does not allow local ethanol producers to compete against US imports because countervailing duties should have been around at 22pc in order to match the prices of US competitors, which benefit from government subsidies he said were worth $6bn annually.

"We don't seek to halt imports but to be able to compete in equal conditions," Bendeck said. The US Renewable Fuels Association along with the US Grains Council and Growth Energy said the Colombian government sided with the local ethanol industry, noting that the government's decision was not supported by evidence.

Cheap imported ethanol from the US has already taken a toll on one of the seven Colombian ethanol plants. Bioenergy, the ethanol plant of Colombia's state controlled oil company Ecopetrol, filed for bankruptcy protection in Colombia in March. The plant, with capacity to produce 100 million litres/yr (274,000 l/d), said its income has not covered expenses, investment, costs and taxes, since the beginning of January, Bioenergy told the country's company regulator.

Laura Valdivieso, Colombia's deputy minister of commerce, told *Argus* that the objective of the measure is to level the playing field for national ethanol producers against US imports. "The objective of this measure is to level the playing field for national ethanol producers," Valdivieso said in an interview.

Colombian ethanol importers opted to import a US cargo in March instead of buying local ethanol at times when storage tanks are full and have no spare capacity to continue storing the combustible.

Colombia's ethanol storage tanks have hit a maximum capacity of 140,000 barrels of gasoline equivalent because the two-month government Covid-19 lockdown has sent gasoline consumption plummeting, Bendeck said. As a result, two of the seven Colombian ethanol producers, Bioenergy and Rio Paila-Castilla, have halted production for the same reason.

Colombia imposed a national lockdown at midnight 24 March. The restrictions have been extended three times, with resumption of normal activities set for 25 May, although the government has allowed several sectors including manufacturing, industrial, construction and other sectors to resumed gradually since late April .

Colombia imported 270mn l of US ethanol last year, equivalent to about 30pc of the country's total ethanol market. Colombian consumed 715mn l of ethanol last year, with the balance being covered by the national market.

Colombia has seven ethanol refineries with installed capacity of 627 mn litres/yr, Fedebiocombustibles said. The existing seven ethanol refineries are producing 40pc less bioethanol because of the US imports.
By Diana Delgado

ANNOUNCEMENT

The holiday calendar showing which Argus reports are not published on which days is now available online https://www.argusmedia.com/en/methodology/publishing-schedule

Argus successfully completes annual Iosco assurance review

Argus has completed the eighth external assurance review of its price benchmarks covering crude oil, products, LPG, petrochemicals, biofuels, thermal coal, coking coal, iron ore, steel, natural gas and biomass benchmarks. The review was carried out by professional services firm PwC. Annual independent, external reviews of oil benchmarks are required by international regulatory group Iosco's Principles for Oil Price Reporting Agencies, and Iosco encourages extension of the reviews to non-oil benchmarks.

For more information and to download the review visit our website https://www.argusmedia.com/en/about-us/governance-compliance

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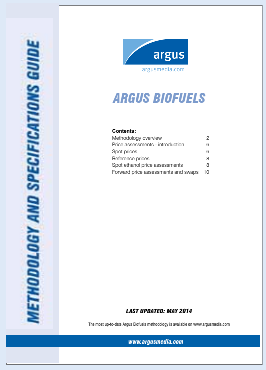
Argus Assessment Rationale Database

For prices used in financial benchmarks, Argus publishes daily explanations of the assessment rationale with supporting data. This information is available to permissioned subscribers and other stakeholders. Subscribers to this report via Argus Direct or My Argus may access the database here. Other subscribers may request access here or contact us by email at sales@argusmedia.com.

Argus Biofuels Methodology

Argus uses a precise and transparent methodology to assess prices in all the markets it covers. The latest version of the Argus Biofuels Methodology can be found at: www.argusmedia.com/methodology.

For a hard copy, please email info@argusmedia.com, but please note that methodologies are updated frequently and for the latest version, you should visit the internet site.



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