April 2026

Argus *Biofuels Analytics*



Biofuels

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2Q 2026 Sample

Argus Biofuels Analytics

Overview

Argus biofuels portfolio

Daily news and price reporting, short-term and medium-term outlooks and bespoke consulting

Price reporting / Current market coverage



Argus *Biofuels:* Daily report providing key insights into biofuels, feedstocks and ticket markets.

Argus *Americas Biofuels:* Daily report providing key insights into biofuels, feedstocks and credits across the Americas.

Argus *International Biofuels Forward Curves* and **Argus** *Americas Biofuels Forward Curves:* Independent market valuation tool to support investment and trading decisions for international biofuels markets

Short-term outlook (→ ~2027)

Argus *Biofuels Outlook:* Monthly 15-month forecast for demand, supply and pricing of key biofuels and feedstocks





Medium-term outlook (→ 2035)

Argus *Biofuels Analytics:* Quarterly 10-year forecast for demand, supply and pricing of key biofuels and feedstocks to 2035



Long-term outlook (→ 2060)

Bespoke consulting assignments uncovering longer-term market trends, strategic advice and future fuels. Selected credentials include:

- Biomethane market analysis
- German GHG quota study
- RINs and LCFS prices related to bigas
- European cellulosic ethanol study
- HVO investment analysis and due diligence
- HVO feedstock analysis
- SAF market entry support
- e-SAF market study

Related services



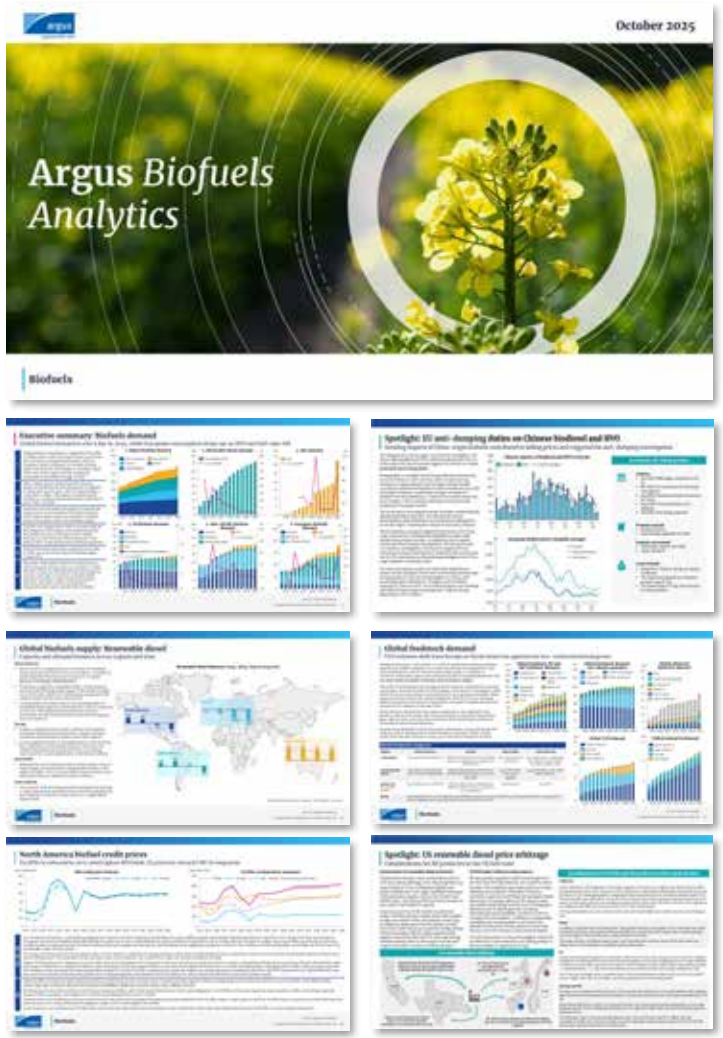
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Argus *Biofuels Analytics*

Quarterly 10-year forecasts for demand, supply and pricing of key biofuels and feedstocks to 2035



Content

Executive summary

Biofuels demand

- Global demand overview
- Regional demand and legislation updates: North America, Latin America, Europe, Asia-Pacific
- Biofuels demand by type: Ethanol, biodiesel, RD (HVO), SAF

Biofeedstock demand

- Crop feedstocks
- Conventional wastes (e.g. UCO, tallow)
- Advanced feedstocks

Supply

- Supply outlook
- Capacity maps
- Supply and demand balances

Trade

- Biofuels and feedstock trade

Prices

- North America: Biofuel, feedstock and credit prices
- Latin America: Biofuel prices
- Europe: Biofuel and feedstock prices
- Asia-Pacific: Biofuel and feedstock prices

Spotlights

Product or project review

Key features

- **Update frequency:** Quarterly
- **Geographical coverage:** Global coverage
- **Time period:** 10-year forecast to 2035, annual
- **Deliverables:** PDF report and Excel dataset
- **Expert access:** Ad hoc access to *Argus* experts to discuss report contents
- **Approximate number of slides:** 50-60

Data & Downloads

- Biofuels demand by type and country
- Feedstock demand by type and country
- Biofuel production capacity database
- Biofuel capacity by country
- Legislative overviews

Spotlight examples

- Impact of RED III drafts on HVO demand
- US policy update: RVOs, SREs and 45Z
- Brazil's decarbonisation strategy and Cbios
- Asia-Pacific feedstock export restrictions
- RED III and advanced feedstock shortages

Request a demonstration

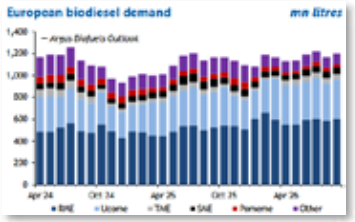
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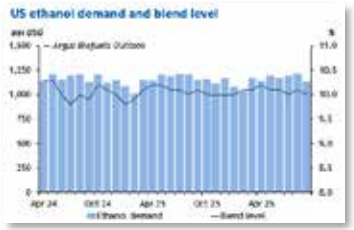
Argus *Biofuels Outlook*

Monthly 15-month forecasts for demand, supply and pricing of key biofuels and feedstocks

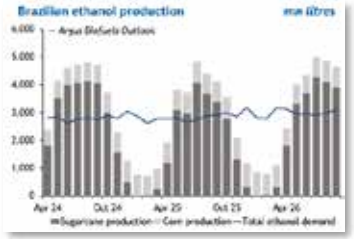














Content

Overview

Europe

- Summary
- Regulation
- Demand: Biodiesel, HVO, SAF, Ethanol, Feedstock
- Prices: Biodiesel, HVO, SAF, Bionaphtha, Ethanol, ETBE
- Fundamentals: Agricultural prices, Fossil fuel demand and prices

North America

- Summary
- Regulation
- Demand: Ethanol, Renewable diesel, Biodiesel, Feedstocks
- Credits: RINs/RVO, LCSF
- Prices: Ethanol, Biodiesel, Renewable diesel, SAF, Feedstock
- Fundamentals: Agricultural prices, Fossil fuel demand and prices

South America

- Regulation
- Demand: Ethanol, Biodiesel
- Price: Ethanol, Biodiesel

Asia-Pacific

- Regulation
- Prices: HVO and SAF, Biodiesel, Feedstocks
- Trade: Biodiesel, UCO, Palm oil

Global Supply

Key features

- **Update frequency:** Monthly
- **Geographical coverage:** Global coverage
- **Time period:** 15-month forecast, monthly
- **Deliverables:** PDF report, Excel dataset and price forecasts via API
- **Expert access:** Ad hoc access to *Argus* experts to discuss report contents
- **Approximate number of pages:** 35

Data & Downloads

- Biofuel demand outlook by type and country
- Feedstock demand outlook
- Biofuel, feedstock and credit price outlook
- Biofuel production capacity database
- Legislative overviews



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Argus Biofuels Analytics

Sample slides

Contents

Executive summary

Biofuels demand

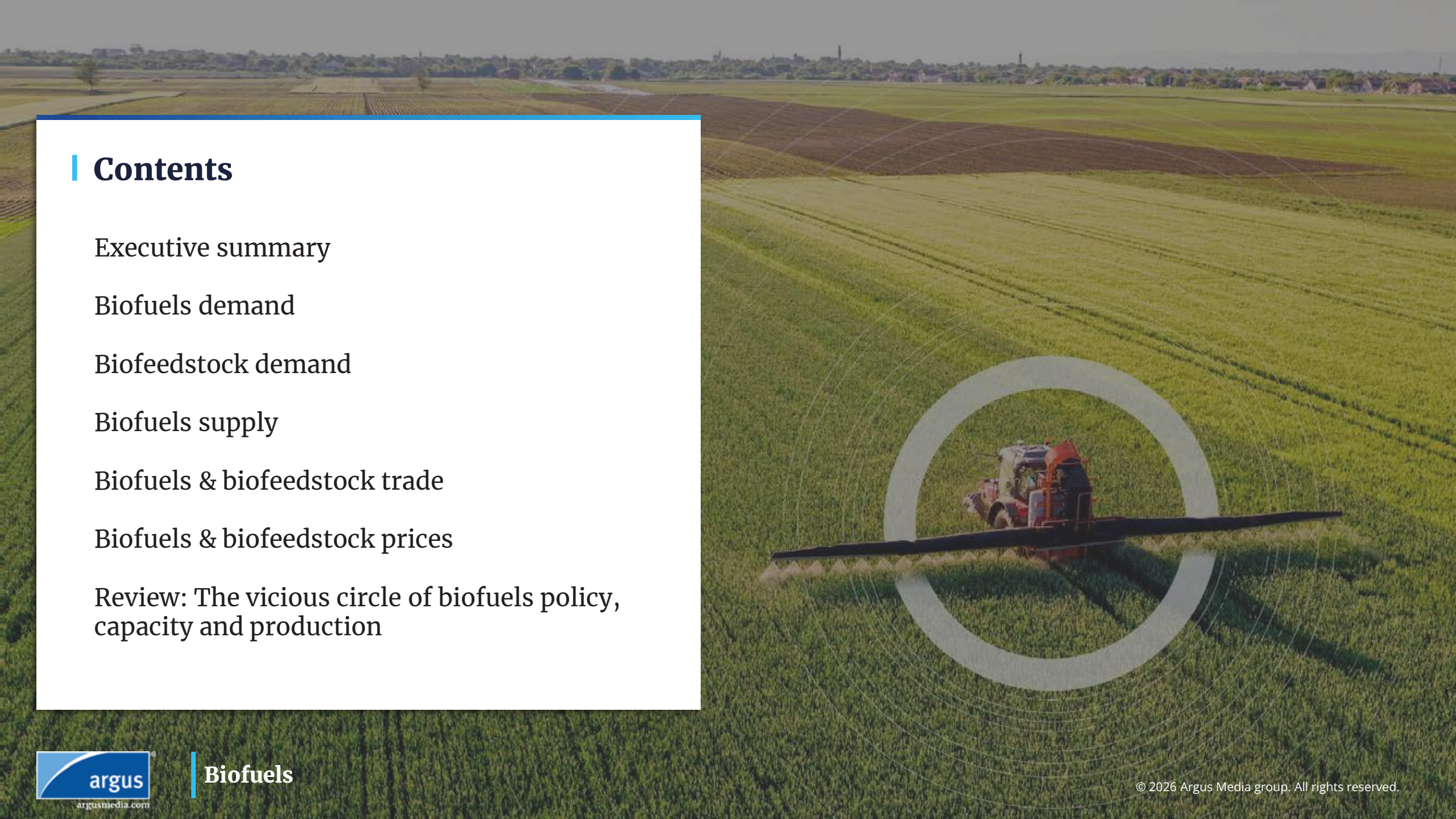
Biofeedstock demand

Biofuels supply

Biofuels & biofeedstock trade

Biofuels & biofeedstock prices

Review: The vicious circle of biofuels policy, capacity and production



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Global biofuels demand

Policy revisions across regions push 2026 demand to new highs

2Q 2026 Sample

Global biofuels demand is projected to grow by 20bn l in 2026, more than 10pc higher than 2025, as major policy announcements across all regions bolster mandate growth.

The US Environmental Protection Agency (EPA) has issued back-to-back record biomass-based diesel (BBD) mandates for 2026 and 2027. This has pushed up demand forecasts to meet operable domestic capacity in 2026 and exceed it in 2027. Increased demand is set to drive higher run rates, support Renewable Identification Number (RIN) prices and increase reliance on banked credits and imports to supplement production.

In Brazil, medium-term growth in biofuel demand is underpinned by rising ethanol mandates, with full E30 implementation through 2026 expected to lift anhydrous demand by about 1.2bn l from 2025 levels. Policy constraints and testing delays are limiting biodiesel demand growth, while SAF demand will add a new stream when Brazil's 1.5pc blending mandate takes effect in 2027.

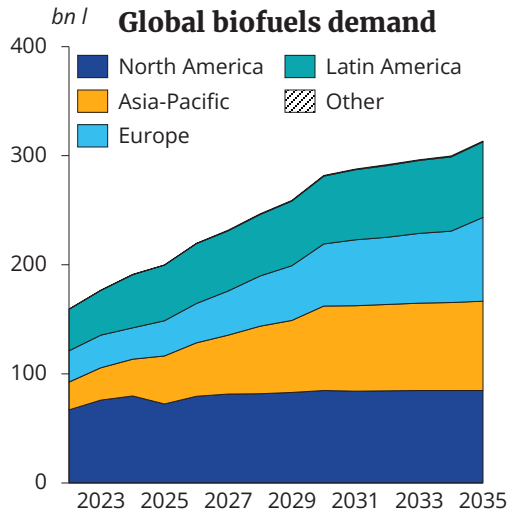
Growth in RD and SAF demand in Europe has begun to dominate year-on-year transport biofuel trends, with 2027 forecasts raised further after Germany's latest target increase.

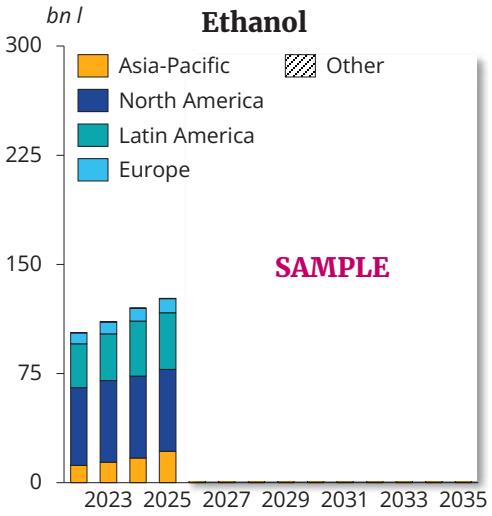
Asia-Pacific biofuels demand is being reshaped in early 2026 by multiple policy acceleration announcements, led by Indonesia's nationwide B50 rollout from mid-2026. Many moves are driven by energy-security concerns following the Middle East conflict. Confidence around implementation varies by country, with scrutiny of India's E30 plans amid supply constraints.

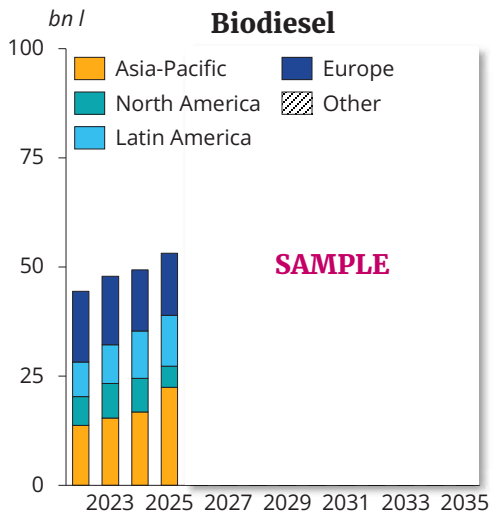
Global biofuels demand *bn l*

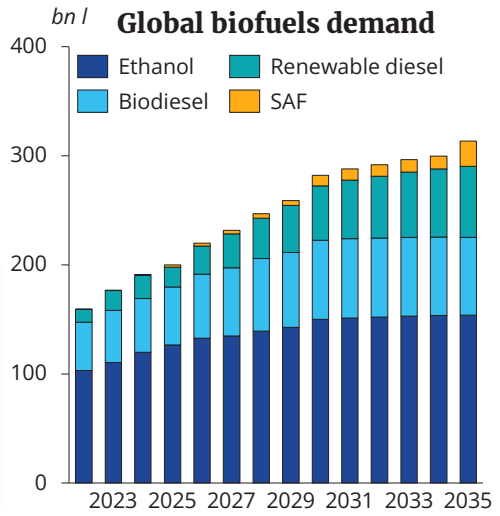
	2024	2025
Ethanol	119.8	126.6
Biodiesel	49.4	53.2
RD	21.0	18.0
SAF	1.0	2.1
Total	191.2	199.8

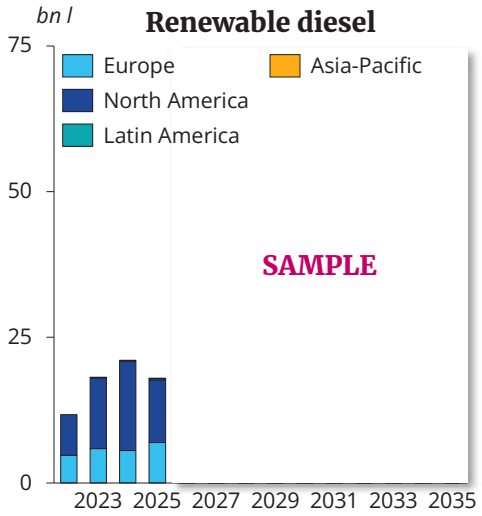
SAMPLE

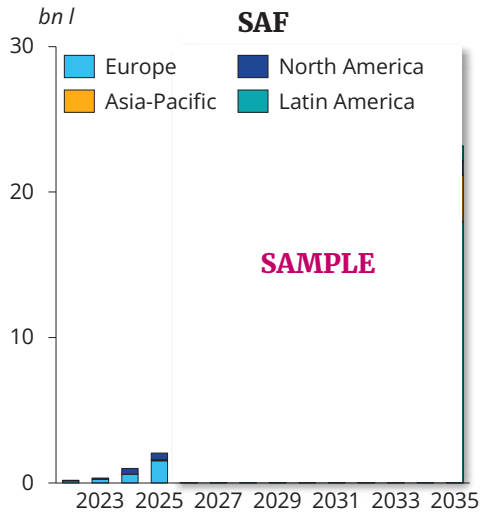












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Latin America biofuels demand

2Q 2026 Sample

Ethanol growth contrasts with biodiesel mandate constraints, Brazil is set to become self-sufficient for SAF

ETHANOL

Brazilian anhydrous ethanol demand is expected to increase steadily in the near to medium term, anchored by higher blending mandates and ongoing growth in the gasoline pool. 2026 will be the first full year of E30 implementation, structurally lifting anhydrous demand as compliance requirements rise. Growth remains mandate-driven rather than discretionary, with potential acceleration if the blend ceiling is raised following current technical assessments. Continued expansion in cane- and corn-based ethanol output strengthens supply resilience, reinforcing ethanol's central role in Brazil's fuel decarbonisation and energy-security strategy.

Hydrous ethanol demand, which is more sensitive to fuel-price differentials, is expected to strengthen in the near term amid higher Gasoline C prices, encouraging fuel switching. This response is supported by ample ethanol availability, underpinned by strong sugarcane output, expanding corn-based production and softer global sugar prices, which improve hydrous ethanol's price competitiveness. While hydrous demand is likely to ease as gasoline prices retreat, consumption remains structurally supported by improving supply economics and distribution, keeping hydrous ethanol competitively positioned within Brazil's fuel mix over the medium term.

BIODIESEL

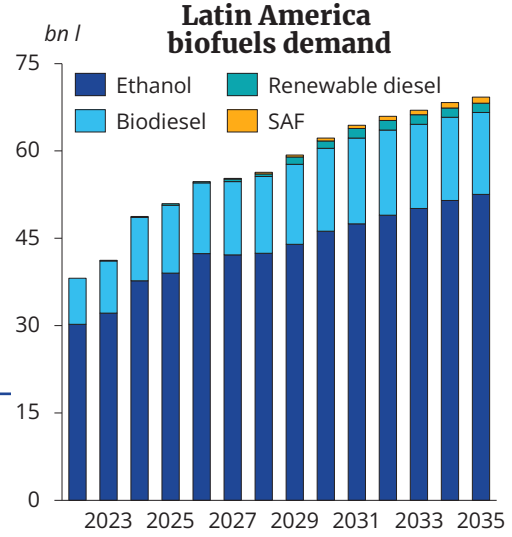
Brazilian biodiesel demand continues to grow structurally, but near-term expansion remains limited by blending policy and implementation timing. 2026 is seen as a year of mandate consolidation, with demand growth driven mainly by rising diesel consumption rather than higher blend rates. Biodiesel usage sets a higher structural base after the B15 mandate, but upside is capped by delays to the next scheduled increase, which restrict incremental demand growth in the short term.

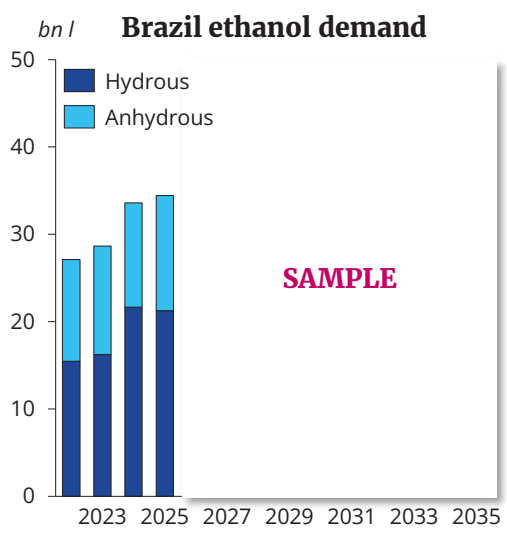
The shift to B16 is assumed from March 2027, reflecting the earliest point at which regulatory and technical conditions could reasonably support higher blends. Although Brazil's Fuels of the Future framework initially envisaged a B16 rollout in 2026, revisions to feasibility testing and technical validation timelines have pushed implementation expectations later. This introduces downside risk to near-term biodiesel demand growth, especially if further delays occur in fuel quality testing or vehicle compatibility certification.

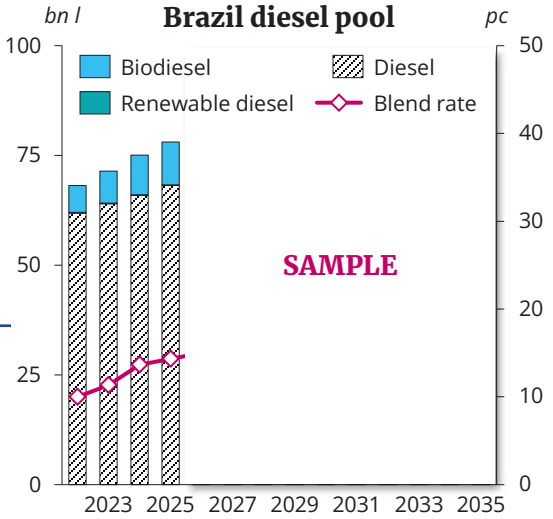
Beyond the next mandate step, biodiesel demand growth is expected to remain incremental rather than accelerative. Higher blends face rising technical and operational complexity, and while authorities retain the option to raise mandates further, progress is assumed to be gradual. As a result, biodiesel demand growth will lag ethanol on a percentage basis, with policy constraints limiting its role as the main driver of Brazil's biofuel demand growth over the medium term.

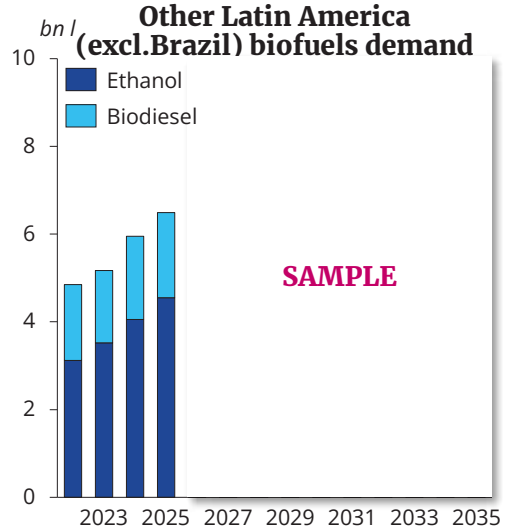
SAF

Brazil is set to introduce a mandatory sustainable aviation fuel (SAF) blending requirement from 2027 at 1.5pc, underpinned by a regulatory framework scheduled for final approval by mid-2026. The mandate escalates gradually to 2037 at 15pc and is supported by flexibility mechanisms, including book-and-claim systems and alternative credit pathways, to address regional and logistical constraints. Planned domestic SAF production capacity, led by Petrobras, is expected to be sufficient to meet early-stage blending requirements, positioning the mandate as a credible source of incremental low-carbon fuel demand over the medium term.









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Europe biofeedstock demand

2Q 2026 Sample

Germany's revised 2027 target bring forward advanced feedstock deficit to next year, with pressure already apparent in 2026

CROP-BASED

European feedstock demand is set to rise as increasingly stringent RED III targets raise the feedstock requirement from 21.1mn t in 2025 to 24.5mn t in 2026. Shifting to GHG-based mandates without double-counting removes some of the incentive for using waste-based feedstocks, making crop-based biofuels more attractive again. In the context of rising targets, fuel suppliers are expected to take full advantage of the crop cap space available to them. As a result, crop-based feedstock demand is expected to rise by **Xpc** to **Xmn t** in 2026 and by a further **Xpc** to **Xmn t** in 2027 before starting to plateau. The bulk of this demand would likely be met by rapeseed oil, as palm and soy-based biofuels are expected to be phased out because of indirect land use change (ILUC) risk concerns, and other oilseeds such as sunflower oil are less competitive. The implied volumes of rapeseed oil required to fulfil this demand would exceed the crush capacity available in Europe, implying that imports would be required. Germany, France and Poland are expected to be the three largest markets for crop-based biofuels.

PART B

We expect a similar trend for conventional waste feedstocks, as rising targets are likely to push obligated parties to fill their Annex 9B caps, particularly as advanced biofuel prices increase. As a result, we anticipate that demand for 9B feedstocks will rise by **Xmn-Xmn t** each year from 2025 to 2028, before reaching a plateau. Since SAF demand is not subject to these caps, increasing SAF demand is expected to push 9B feedstock demand beyond **Xmn t** in 2030. After this point, rising e-SAF targets under ReFuelEU are set to reduce biogenic SAF demand, which will ease the need for Part B feedstock. We also expect intermediate crops to begin contributing to the feedstock mix as their supply increases, but the extent of their contribution before 2035 will depend on whether they can compete with UCO on price. UCO availability is expected to be outstripped by demand from 2035, so intermediate crops will certainly play a role by then, although their use may be more focused on aviation.

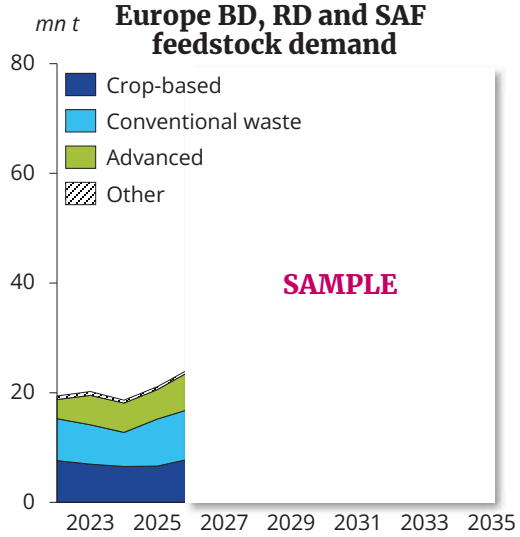
PART A

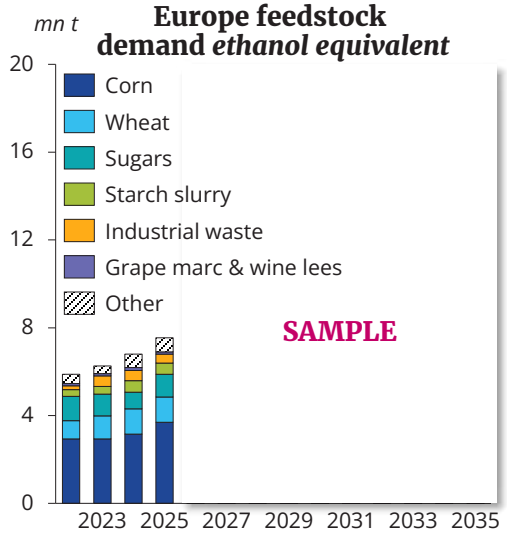
Advanced feedstock demand for biodiesel, RD and SAF is projected to rise by **Xpc** to **Xmn t** in 2026, with a further **Xpc** increase to **Xmn t** in 2027. Advanced HVO, as a compliance option, is not restricted by technical or legislative caps and is expected to become the marginal compliance option in most large markets. This is already the case in Germany, where demand is forecast to exceed **Xbn l** in 2026. As targets increase, the limited pool of advanced feedstocks will face greater pressure, highlighted by record-high Pome oil-based HVO Class IV prices after Germany's Bundestag adopted a RED III draft in late March. Germany is set to exclude Pome oil from its mandate from 2027, which will reshuffle advanced feedstock demand across Europe. Germany's higher 2027 target means 9A feedstock demand is expected to exceed availability. Imports of US HVO from distillers corn oil (DCO) could help in 2027, but they would be costly and only temporarily address a deficit projected to reach **Xmn t** in 2028 and **Xmn t** by 2030.

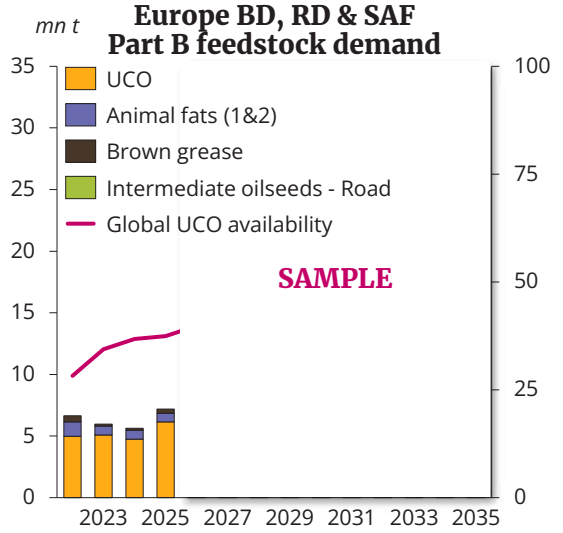
ETHANOL

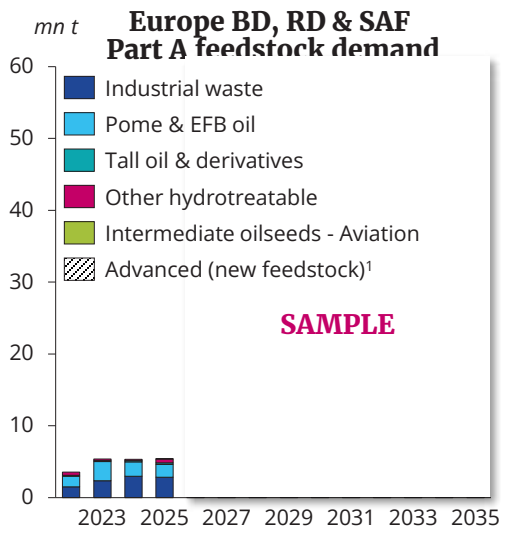
Corn ethanol accounts for 48pc of ethanol demand in Europe, while wheat ethanol represents 15pc and sugar-based ethanol 13pc.

Advanced ethanol is also playing a growing role, with most production using wastes containing starch and sugar, such as starch slurry from food processing and grape marc and wine lees from the wine industry.









Source: Argus Media – Consulting Services,
1. Shown as biofuel output in waste-oil tonne equivalent due to varied feedstocks

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Biofuels

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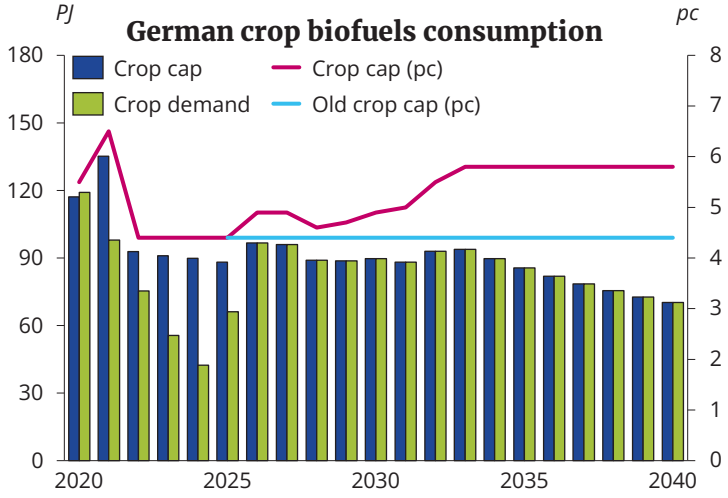
Spotlight: European crop cap utilisation

Crop caps typically maximised as cheapest compliance option, though rarely set at EU limit of 7pc

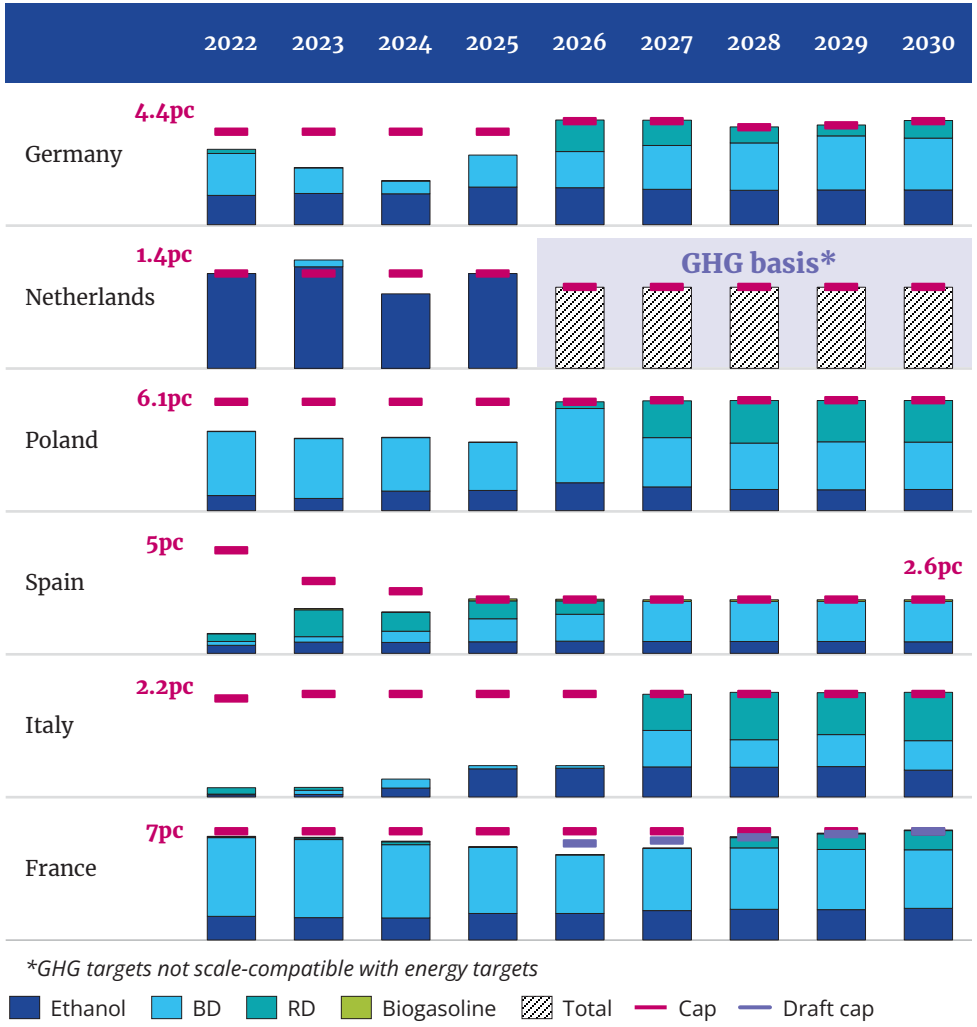
2Q 2026 Sample

Crop caps are the main safeguard in European biofuels legislation against the overuse of feedstocks used in the food and feed industry. The Renewable Energy Directive (RED) III framework sets the cap at the lower of 7pc or 1 percentage point above the first-generation (1G) share of consumption in 2020, but national caps vary significantly. Among countries with the largest crop biofuels demand, it is rare to see a cap set at 7pc. This is either because 2020 reference consumption restricts them — as in Italy and Poland — or because of voluntary reductions in countries such as Germany, the Netherlands and Spain. These reductions often result from political opposition to strong crop consumption, with various parties citing food security concerns. A potential question in the transition to RED III is the inclusion of aviation and maritime sectors in the transport energy consumption denominator for crop-cap calculations. These sectors do not use crop-based feedstocks, so increasing the denominator for the cap calculation implies a larger absolute volume available to the road market. Some countries have avoided this by implementing new RED III targets without expanding the reference pool to include these sectors, such as the Netherlands and Spain, which include maritime fuel but not aviation.

Cap utilisation can show how national targets are met. Italy's crop cap utilisation has historically been about 20pc. Much of the volume for Italy's overall transport target — 11.7pc in 2025 — will already be met by other renewable categories. The advanced biofuels sub-target in 2025 is 4.9pc and accounts for roughly 40pc of the road transport target to 2030, a relatively high share compared with other EU countries. This reflects Italy's aim to maintain support for domestic production, which has a large base of agricultural residue and manure-based biofuels, including biomethane, which has its own sub-target. As the renewable share of the transport fuel pool grows, more room becomes available for crop-based fuels, pushing Italy's cap utilisation higher. Italy is expected to reach the cap ceiling in 2027-28.



Looking at cap utilisation on a percentage basis may suggest flat demand, but absolute values show a prevailing downward trend in crop biofuels demand in most EU states. Because the cap is a percentage of total transport or road fuel consumption, in countries such as Germany where diesel demand is falling with electrification, using the full cap still results in declining crop-based biofuel volumes. This is often intentional, as countries aim to reduce reliance on crop feedstocks as substitutes become more available and cost-effective. In late April, Germany's Bundestag adopted a RED III draft to increase the cap — previously set to remain at 4.4pc — up to 5.9pc in 2033. The move was intended to ensure the German biofuels market can meet growing mandated volumes over the next five years and protect the domestic rapeseed-crushing industry, though the 5.9pc cap being held through the late 2030s will return demand's trajectory to decline.



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Global capacity and demand balance: RD and SAF

2Q 2026 Sample

Regulatory momentum tightens RD and SAF balances as demand growth outpaces supply

Global RD and SAF balances are projected to tighten, with the surplus narrowing from 8mn t in 2025 to **Xmn t** in 2026 and is now expected to enter a deficit of **Xmn t** in 2029 one year earlier than our previous forecast, with the shortfall widening to **Xmn t** by 2035.

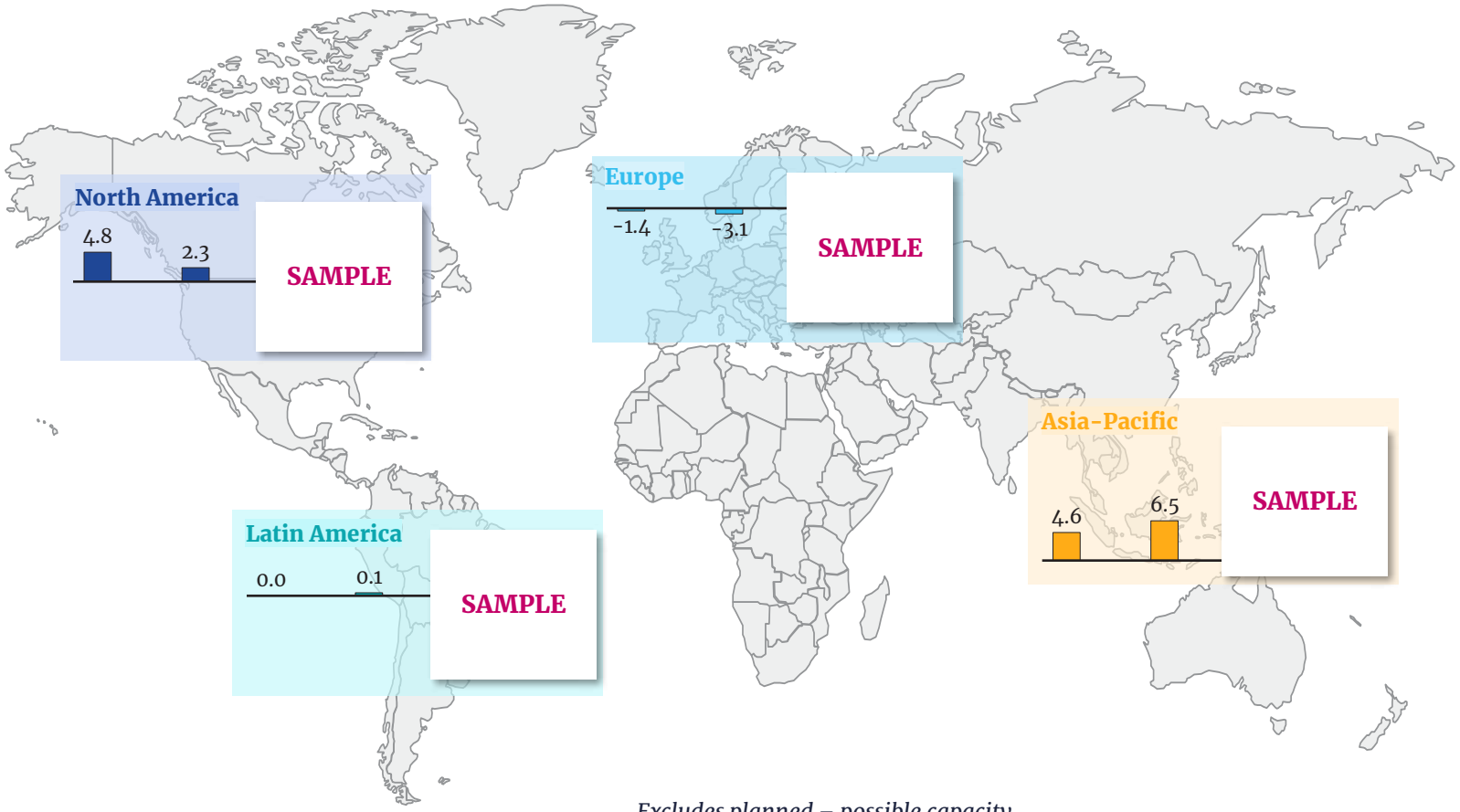
North America's RD and SAF capacity exceeded demand by 4.8mn t in 2025 and is projected to narrow reaching **Xmn t** in 2026. New biofuels mandates for the 2026–27 blending years have lifted RD demand to **Xmn t** in 2026, while only **Xmn t** of new RD capacity will come online by end-2026, halving the surplus over the year.

Europe's RD and SAF capacity-demand deficit is expected extend further to **Xmn t** in 2026, largely driven by rising HVO demand in Germany. We have also revised downwards co-processing capacity, steepening the deficit.

Asia-Pacific remains in surplus, expected to expand to **Xmn t** in 2026 and reach **Xmn t** by 2035. In the absence of binding regional mandates, the region is likely to continue as a net exporter to European and North American markets in the near term.

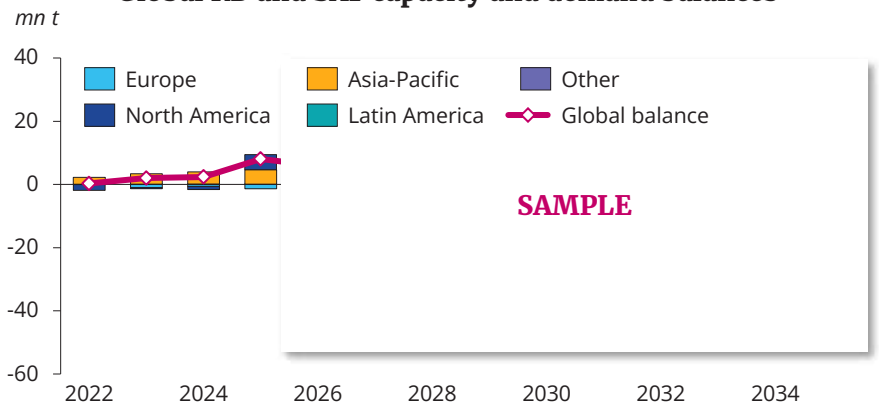
Latin America is expected to remain broadly balanced, with a marginal surplus of around **Xt** in 2026, supported mainly by some co-processing projects coming online during the year.

Renewable diesel and SAF balances: 2025, 2026, 2030 & 2035 *mn t*



Excludes planned – possible capacity

Global RD and SAF capacity and demand balances



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North America RD and SAF capacity

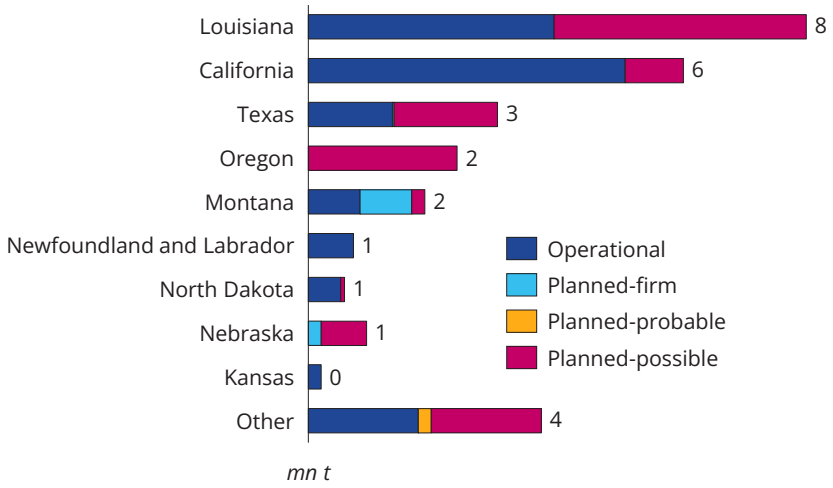
Finalisation of biofuel blending mandates in the US to boost RD production for 2026-27 period

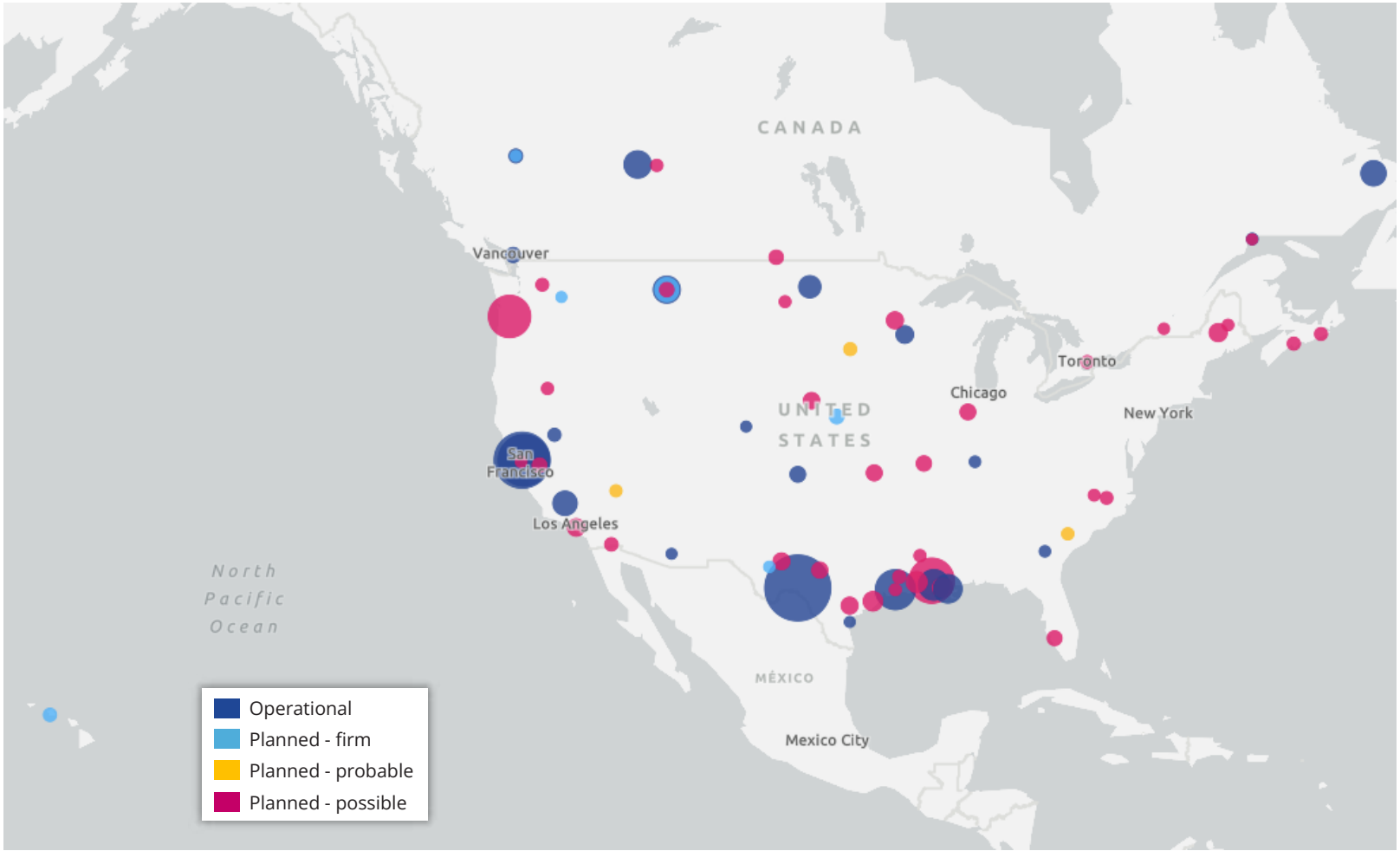
2Q 2026 Sample

North American RD and SAF capacity reached 14.2mn t in 2026 and is set to expand further, with around 0.7mn t of additional capacity under construction and expected to come online by the end of 2026. North America has the largest RD capacity at 12.8mn t in 2026, with almost all capacity located in the US. Activity in the sector had slowed, as project progress stalled and plants were idled amid policy uncertainty. Momentum has started to recover since the US government's finalised biofuel blending mandates for 2026–27 in late March. The mandates were set at record levels of 26.81 bn RINs for 2026 and 27.02 bn RINs for 2027, supporting a rebound in production, particularly for RD, as most planned maintenance across the US concluded last month.

US SAF plants operated at muted levels earlier in the year after $1.75/USG SAF blender's credit expired in January. While SAF production increased by 4pc in February, but output remains well below the record 44mn USG achieved in December, largely because the blender's tax credit was removed.

RD and SAF capacity by state in 2035





Request a demonstration

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Biofuels trade: Renewable diesel

2Q 2026 Sample

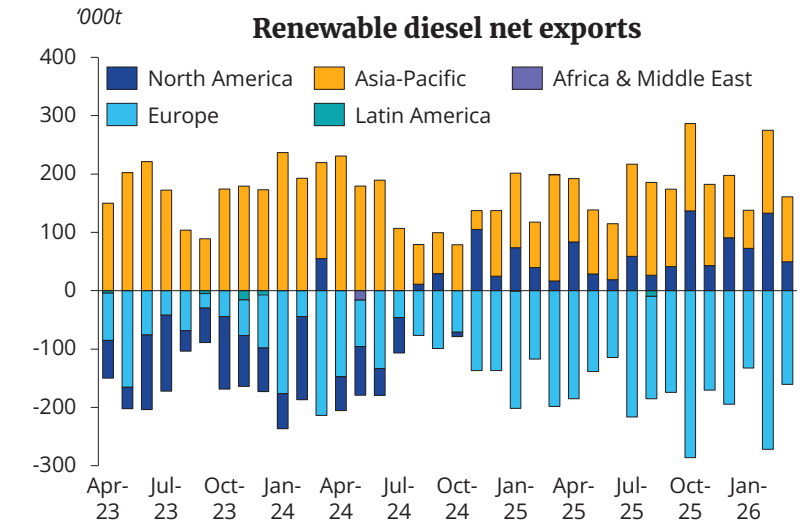
Renewable diesel trade eases in the first quarter of 2026 after fourth-quarter compliance surge

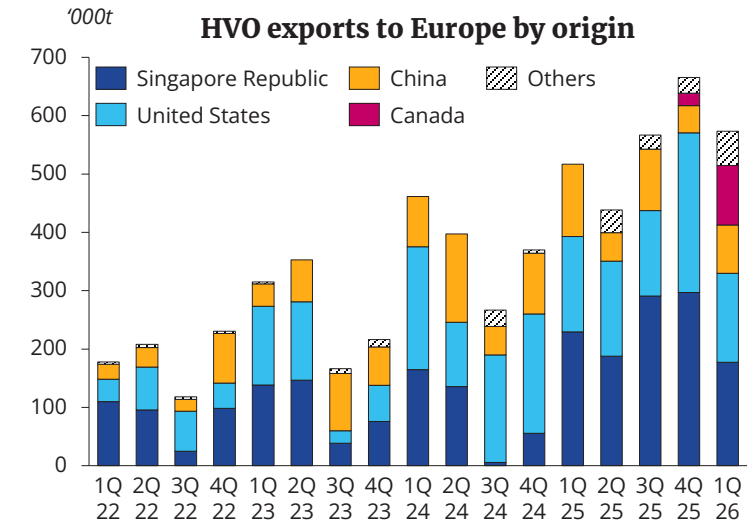
RENEWABLE DIESEL & SAF

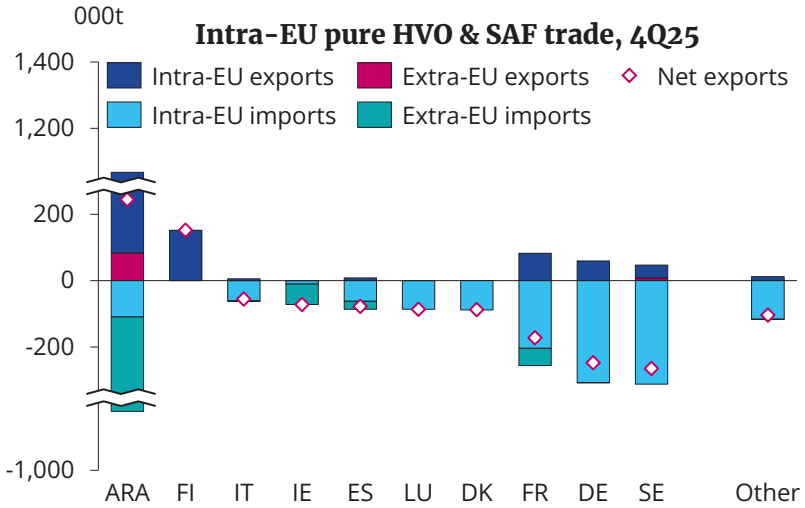
Renewable diesel trade fell in the first quarter, easing by 18pc from strong fourth-quarter flows that met a surge in demand at the end of the compliance period.

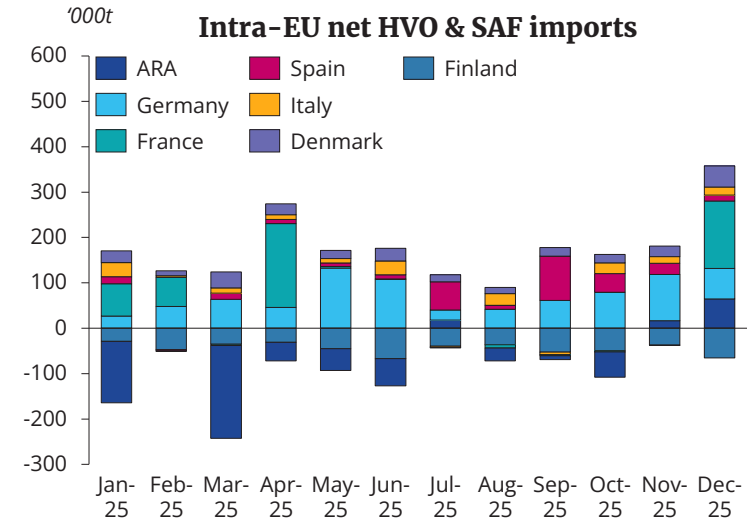
Europe will enter 2026 more exposed to tightening global renewable diesel (RD) supply as rising mandate-driven demand meets falling US availability. The US share of European hydrotreated vegetable oil (HVO) imports dropped to 34pc in 2025 from 47pc in 2024, but absolute volumes increased 5pc to 746,000t. The EU is expected to face a **Xmn t** HVO shortfall in 2026, with higher blending mandates raising demand to **Xmn t**. This will outpace only modest growth in production over the same period to **Xmn t**. US export volumes, which have played a critical role in balancing the European market, are set to fall as record-high Renewable Volume Obligations (RVOs) for 2026-27 — finalised in late March — pull incremental production into North American compliance markets and sharply reduce export availability. US monthly exports of HVO and sustainable aviation fuel (SAF) to Europe fell in March. Stronger domestic demand contributed to the decline, while a conflict in the Middle East temporarily pushed up US RD prices, which are particularly sensitive to underlying diesel increases, quickly shutting the arbitrage to Europe. The war-driven disruption is expected to ease as the conflict ends, but new RVO mandates will keep domestic demand high for the foreseeable future, weighing on the US ability to supply Europe.

Within the EU, France and Germany saw a sharp increase in net imports as fourth-quarter compliance deadlines encouraged stronger consumption. To meet higher demand, exports from the Amsterdam-Rotterdam-Antwerp (ARA) hub reached 1.07mn t, not far off the 1.5mn t shipped during the first three quarters of 2025 combined. Finland was the only major trading nation to remain a net exporter, supplying volumes from Neste's Porvoo refinery. Exports hit a six-month high in December, with destinations including ARA, Germany, Spain and Sweden.









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Source: Argus Media - Consulting Services, Kpler

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Biofeedstock trade: UCO net exports 1Q26

2Q 2026 Sample

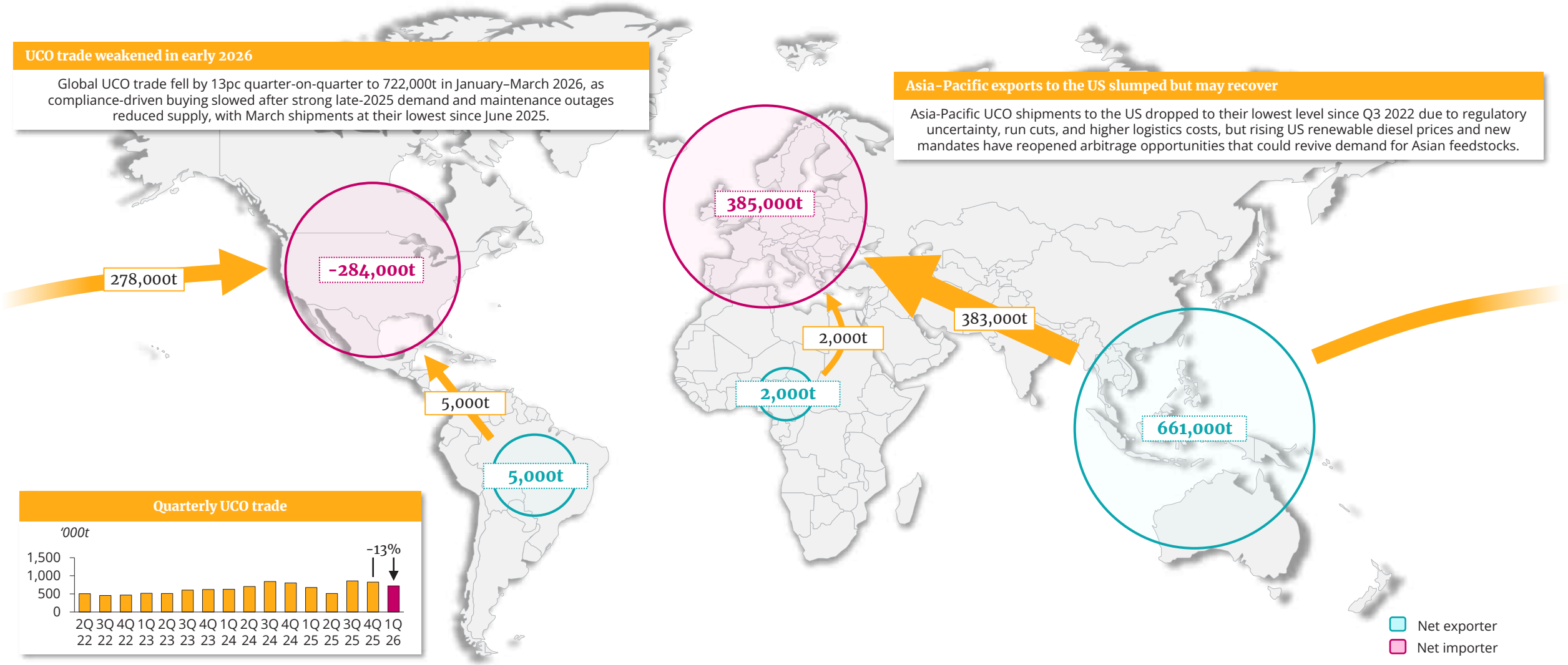
UCO trade drops 13pc as maintenance and low fuel consumption weakens feedstock import demand

UCO trade weakened in early 2026

Global UCO trade fell by 13pc quarter-on-quarter to 722,000t in January–March 2026, as compliance-driven buying slowed after strong late-2025 demand and maintenance outages reduced supply, with March shipments at their lowest since June 2025.

Asia-Pacific exports to the US slumped but may recover

Asia-Pacific UCO shipments to the US dropped to their lowest level since Q3 2022 due to regulatory uncertainty, run cuts, and higher logistics costs, but rising US renewable diesel prices and new mandates have reopened arbitrage opportunities that could revive demand for Asian feedstocks.



Quarterly UCO trade

Request a demonstration

Source: Argus Media - Consulting Services, Kpler. *Note: rounded to nearest 1,000t, excludes intra-region flows*

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Asia-Pacific biofuel and biofeedstock prices

Asia-Pacific HVO and SAF rebound on geopolitical risks

2Q 2026 Sample

HVO & SAF

Asia-Pacific HVO and SAF prices rebounded in February and March after early-year weakness. Stronger fossil benchmarks with a Middle East conflict raised production costs, while rising jet prices and concern over potential Chinese export limits added support for SAF.

With geopolitical risks easing in early April, some of this pressure has started to unwind. Softer middle distillate prices and falling freight rates have cut near-term price support, and both HVO and SAF are expected to drift lower into mid-2026. Even so, fundamentals remain relatively tight, and prices are forecast to stay above **$X/t** on average.

SAF prices are projected to average below HVO this year because of front-loaded supply availability rather than production economics. Chinese SAF output is unlikely to meet all downstream requirements, and SAF is expected to regain a premium in the second half of the year as availability tightens. A similar pattern may repeat in later years, with only a narrow average premium through most of the forecast period. Higher mandated targets later in the decade are expected to drive a more durable SAF price increase that better reflects higher production costs.

UCO

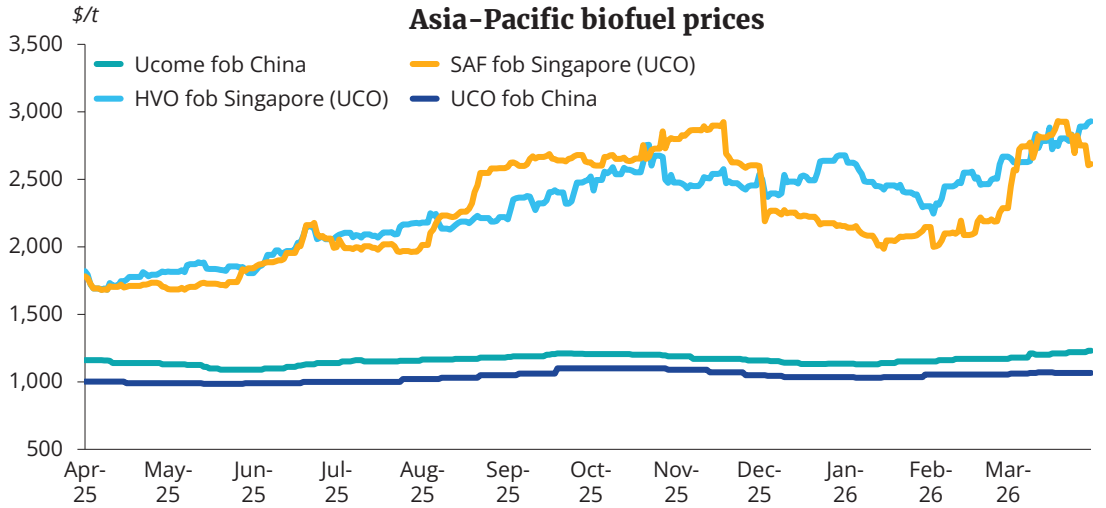
UCO fob China prices softened in the first two months of the year, extending the pullback from late-2025 highs as downstream buying slowed and prompt supply became more readily available. The market steadied in March, supported by renewed international interest and stronger vegetable oil prices, which lifted the broader lipid complex. Waste-lipid values have since stabilised, with prices supported by competing demand from HVO and SAF producers, even as discretionary biodiesel buying remains cautious.

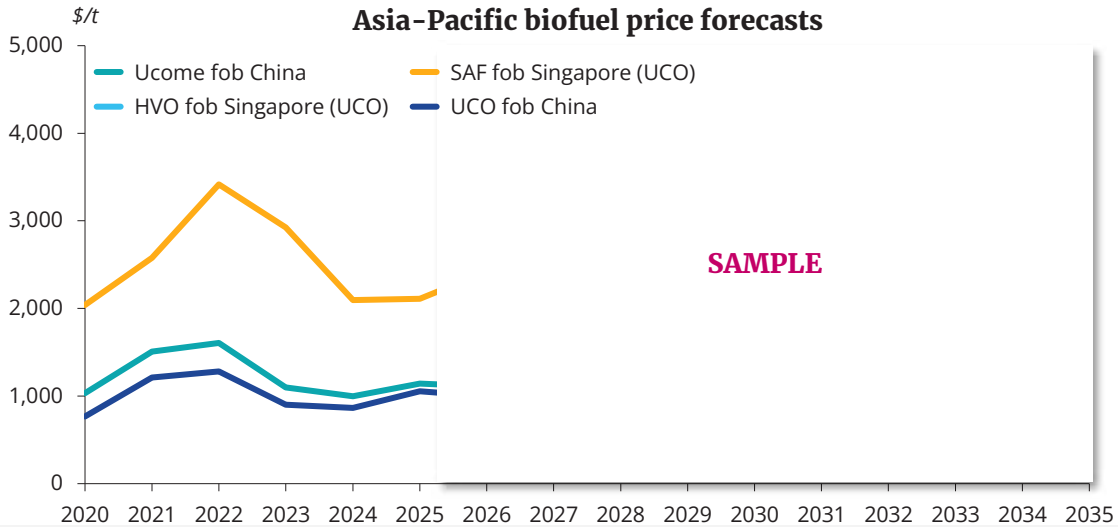
Over the longer term, UCO prices remain tied to vegetable oil markets, which act as an effective ceiling. Prolonged periods of UCO trading at a steep premium to virgin oils would risk encouraging substitution and raising integrity concerns. Rising demand does not automatically imply misconduct. As collection widens into more remote and higher-cost sources, marginal supply costs will rise. Improvements in traceability and auditing could allow UCO prices to maintain a wider gap with vegetable oils without undermining market confidence.

UCOME

Ucome fob China prices have been less volatile than other biofuels. Values eased in the first quarter as lower feedstock costs and muted marine biobunker demand compressed margins, while diesel benchmarks provided limited support. Anti-dumping duties continue to restrict access to some export destinations, muting the immediate impact of overseas price swings.

Despite the softer tone, downside has been limited by persistent competition for UCO from HVO and SAF producers. This competition raises biodiesel producers' input costs and limits aggressive price discounting. Over time, Ucome's trajectory remains closely tied to waste-lipid availability. As competition for UCO intensifies towards the end of the decade, biodiesel margins are likely to come under renewed pressure.





Source: Argus Media – Consulting Services, Forecasts in 2025 real prices; historical prices nominal

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Review: The vicious circle of biofuels policy, capacity and production

What policy clarity means for production, trade and prices in the renewable fuels market

2Q 2026 Sample

First slide of 6-page review

Standfirst

I hear you all breathing a little easier. The murky cloud of policy uncertainty has drifted off — for now. The RVOs in the US are finally set, and RED III transpositions in Europe seem at last to be approaching the finish line, only a year beyond their intended deadline. It should surprise no one that a policy-created market, subject to competing interests, takes its time to deliver clarity.

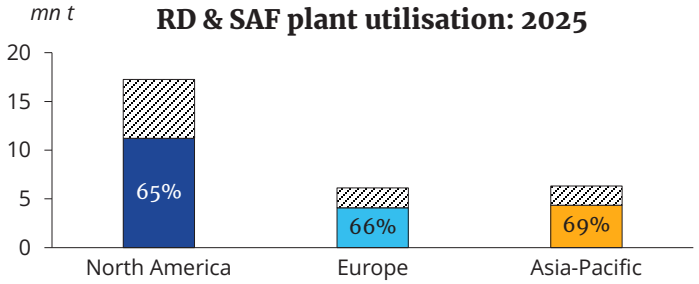
But time is precious. Without it, investors cannot commit to facilities, operators cannot secure margins, and plants idled by earlier missteps cannot rely on policy to prevent a repeat. So far, much of the industry's focus has been on capacity — how much can be built, and by when. But what truly matters, for the outlook and for prices, is production. What can companies actually produce? Where can that production flow? And who will supply the marginal barrel?

Through that lens, 2026 and 2027 look tight — and the reasons why are more instructive than the conclusion.

The utilisation gap

For all the headline growth in RD and SAF capacity, the past year was defined by something far more revealing: plants simply did not run anywhere close to their theoretical capability. What looks like a supply boom on paper has behaved more like a hesitant shuffle in practice. The reason was not technological limitation, nor feedstock scarcity, but the policy and credit environment that shaped the economic incentives underpinning every operating decision.

RD & SAF plant utilisation: 2025

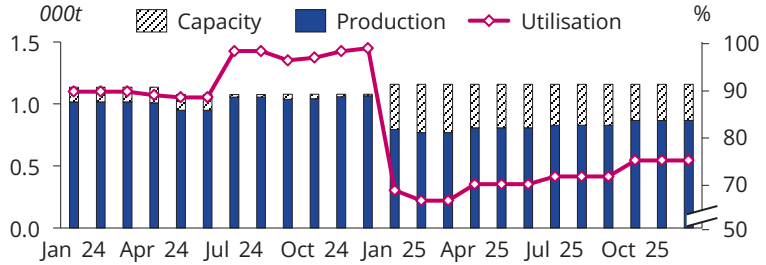


For the US, the story starts in 2022. The EPA finalised its annual standards against the backdrop of limited feedstock availability and, as in previous years, exercised its waiver authority to set volumes below the long-term statutory trajectory. Those volumes proved adequate for compliance in 2023 — but the EPA had been overly pessimistic about feedstock supply. When a large wave of feedstock imports from China arrived alongside expanded domestic crushing capacity, the system generated more RINs than the market ultimately needed, creating a sizeable bank of carryover credits.

That compliance overhang matured fully in 2024. With the credit bank swollen, RIN values weakened, and lower RIN prices cut directly into producers' effective margins.

The situation became more acute in 2025. With targets for 2023–25 fixed, producers had little prospect of a near-term demand uplift.

US RD & SAF utilisation

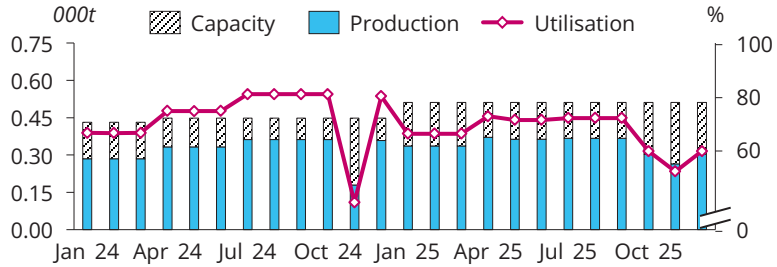


At the same time, the withdrawal of out-of-market support — including the expiration of the long-standing blenders' tax credit, replaced by the narrower and more eligibility-restricted 45Z — removed an important margin stabiliser. Full certainty on the 2026-27 RVOs was still lacking, and ambiguity over how the EPA would treat SREs and any possible reallocation further suppressed the market through uncertainty.

The market entered 2025 carrying the combination that discourages producers from running hard unless the economics are compelling.

In Europe, the cause was different, but arrived at a similar place. From late 2022, a surge in cheap imported biofuels from China undermined the economics of running domestic plants. The EU did ultimately act — provisional anti-dumping duties were imposed in August 2024, and definitive measures followed in February 2025. But the nature of a formal trade investigation meant resolution took the better part of two years, during which domestic utilisation suffered.

European RD & SAF utilisation



Two features of the European market added further colour. Germany's decision to pause ticket carry-over in 2025 and 2026, a response to a credit build-up similar to that seen in the US, supported physical demand and prevented a sharper fall in domestic utilisation. And then there is concentration risk. A small number of plants account for most of the region's capacity, so an unplanned outage or extended maintenance can shift the entire regional balance.

The lesson is straightforward: capacity growth means little when the economics do not support turning that capacity into barrels. The volatility of the past two years was not an accident; it was the predictable outcome of distorted incentives and long stretches of uncertainty.

Even as those distortions unwind, higher utilisation is not guaranteed. It hinges on margins, and it is there, where the next chapter begins.

Request a demonstration

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Argus *Biofuels Analytics*

2Q 2026

Spotlights in previous reports

3Q 2025	4Q 2025	1Q 2026	2Q 2026
▪ US policy update: RVOs, SREs and 45Z ▪ Impact of RED III drafts on HVO demand ▪ Canada RD/SAF capacity and 2026 exports ▪ RD and SAF project milestone tracking ▪ e-SAF and bio-SAF capacity and demand outlook ▪ Brazil's decarbonisation strategy and Cbios	▪ SRE update: impact of reallocations ▪ Foreign RIN provision impact on feedstocks ▪ Beyond the waste ceiling: global waste shortage ▪ European biofuels capacity and utilisation ▪ Intra-EU HVO trade flows ▪ European biofuels margins ▪ Sugarcane as ethanol feedstock	▪ SRE update ▪ Germany's RED III targets ▪ Brazilian tallow trade dynamics ▪ Biofuel production pathways ▪ India's evolving ethanol landscape ▪ California's Cap-and-trade programme ▪ European tickets in 2026 ▪ Europe, China HVO and SAF dynamics ▪ Crude tall oil and tall derivatives	▪ The vicious circle of biofuels policy, capacity and production ▪ Set 2 rules finalises record BBD demand ▪ RED III update ▪ Thailand ethanol market overview ▪ HVO and SAF project progress and delays ▪ Global waste feedstock availability ▪ European crop and 9B cap utilisation ▪ US ethanol margin landscape ▪ Brazilian Cbio credit bank

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