

Raised cap on greenhouse gas emissions strengthens demand for biodiesel

UFOP calls for consideration of earlier GHG quota increase

Berlin, 6 November 2023. - August 2023 use of biodiesel/HVO increased substantially month-on-month. At 233,000 tonnes, the amount of biodiesel blended in diesel fuel was not just around 2.5 per cent larger in August 2023 than the previous month, but also the biggest volume since March 2023. According to preliminary information published by the Federal Office for Economic Affairs and Export Control (BAFA), a total of 1.733 million tonnes of biodiesel and hydrotreated vegetable oil (HVO) was blended in diesel fuel in the period January to August 2023. Based on previous months' figures, the Union zur Förderung von Oel- und Proteinpflanzen e. V. (UFOP) has estimated total consumption in 2023 at approximately 2.552 million tonnes. The association has pointed out that raising the greenhouse gas quota obligation from 7 per cent to 8 per cent on the previous year has helped stabilize demand for biodiesel, although at the expense of the German biodiesel commodity chain. The UFOP has drawn attention to biodiesel imports from China, which imports continue to be under suspicion of fraud.

The association fears that the pressure on supply and prices for rapeseed oil-based biodiesel will continue in 2024 due to the leverage of double counting, although the GHG quota obligation will increase to 9.25 per cent. This effect also compensates the fact that palm oil-based biodiesel or HVO can no longer be credited since the beginning of 2023. Due to triple counting, other compliance options such as e-mobility in the private, commercial and municipal sectors, which is subsidized with substantial amounts of tax money, significantly enhance the displacement effect and thus the plunge in prices in GHG quota trading.

The UFOP has urged the German government to review GHG quota levels for the coming years and raise them reasonably at an earlier stage by virtue of the power to issue statutory instruments provided for in section 37(h) of the Federal Control of Pollution Act (BImSchG). According to the association, trading in greenhouse gas reduction quotas has become a major market-based incentive for all players to drive the energy transition in the vehicle tanks of the existing fleets or switch to electric drives. The UFOP has emphasised that the increases to 9.25 per cent scheduled for 2024 and higher in the following years as provided for in the law will not be high enough to meet the climate mitigation targets in the transport sector set for 2030.



Union zur Förderung
von Oel- und Proteinpflanzen e. V.

Herausgeber:

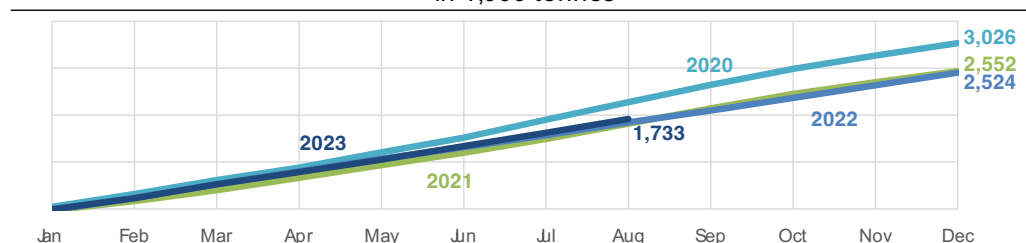
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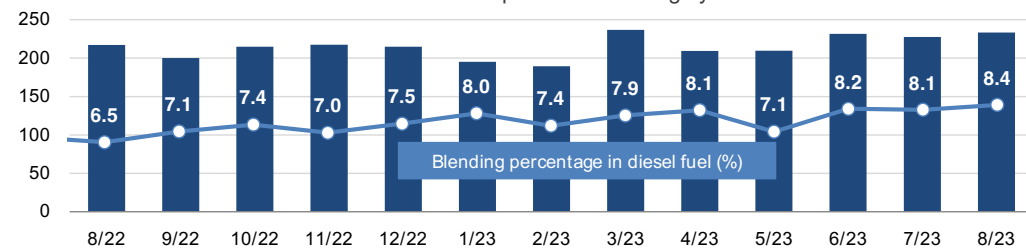
Referring to the more than 3 million tonne share of biodiesel in the diesel market that was reached without quota trading in 2020, the UFOP has emphasised that the share of biodiesel in diesel fuel should be raised from 7 to 10 per cent by volume at public petrol stations as soon as possible in accordance with the amended regulation on fuel quality (10th Ordinance on the Implementation of the Federal Control of Pollution Act). According to the UFOP, this would be the fastest possible and also most cost effective contribution towards meeting greenhouse gas quota obligations. In this context, the UFOP has called attention to the fact that German biodiesel producers and traders exported approximately 823,000 tons of biodiesel in the first half of 2023 alone. The share of HVO has remained comparatively low and is still not recorded separately by the Federal Office for Economic Affairs and Export Control (BAFA).

The UFOP has underlined that what applies to all biofuel options is that proof of sustainability is the passport to market access, crediting and product confidence.

Cumulative consumption of biodiesel
in 1,000 tonnes



Biodiesel consumption for blending by month



Source: BAFA, AMI

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Quick information on UFOP e. V.:

The Union for the Promotion of Oil and Protein Plants e. V. (UFOP) represents the political interests of companies, associations and institutions involved in the production, processing and marketing of domestic oil and protein plants in national and international bodies. UFOP supports research to optimise agricultural production and for the development of new recycling opportunities in the food, non-food and feed sectors. UFOP public relations aim to promote the marketing of domestic oil and protein plant end products.