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Foreign Agricultural Service

GAIN Global Agricultural Information Network

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Report Name: Biodiesel Standards under Consideration

Country: Philippines

Post: Manila

Report Category: Biofuels, Climate Change/Global Warming/Food Security, Oilseeds and Products

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Report Highlights:

The Philippines' Department of Energy has issued an advisory on four Draft Philippine National Standard Quality Standards for biodiesel blends B3 and B4 with public comments open for submission to tcppa.oismd@doe.gov.ph by June 30, 2021. Separately, the current B2 blend has been evaluated to reduce GHG emissions 1.3 percent while an increased blend mandate would also contribute to a net economic gain for the Philippines. Meanwhile, the Philippines' National Climate Change Action Plan sets a goal of reaching B20 by 2030.

Announcement:
The Philippines' Department of Energy has issued an advisory on four Draft Philippine National Standard (PNS) Quality Standards (QS) for biodiesel blends B3 and B4 with public comments open for submission to tcppa.oismd@doe.gov.ph before June 30, 2021.

- DPNS/DOE QS 015:2021 – Petroleum Products-CME-blended automotive diesel oil (ADOB3)
- DPNS/DOE QS 016:2021 – Petroleum Products-CME-blended industrial diesel oil (IDOB3)
- DPNS/DOE QS 017:2021 – Petroleum Products-CME-blended automotive diesel oil (ADOB4)
- DPNS/DOE QS 018:2021 – Petroleum Products-CME-blended industrial diesel oil (IDOB4)

Background:
Following a promising start nearly 15 years ago with the enactment of the Biofuels Act of 2006, the Philippines' relative inaction in the following years to adopt biodiesel standards or mandates beyond the long-standing and current B2 coconut methyl ester (CME) blend has seen the country become a laggard when compared to its neighbors in the region.

The Philippine Coconut Administration, which represents 2.5 million coconut farmers, and the Philippine Biodiesel Association (TPBA) have continued to advocate for a B5 blend. TPBA reports having a total rated production capacity of 707.9 million liters, equivalent to almost 300 percent of the required B2 volume, and is planning to add 277.65 million liters capacity between 2021 and 2022.

The primary concern stalling greater biodiesel adoption has been the cost of local production and its impact on consumer pump prices. A 2019 study on the economic impact of higher blends found while an increase to the biodiesel blend would have a negative economic impact for consumers, the producer benefits more than offset the loss, resulting in a net economic gain for the country. Producer benefits should regularly continue to outweigh consumer losses given CME accounts for a significantly larger portion of coconut oil (CNO) demand than biodiesel in total diesel demand. Opportunities for consumer savings are likely to remain limited to occasions of oil price shocks.

Prices in Philippine Pesos Per Liter

Year	PH CNO	PH CME		PH Diesel	Int'l Biodiesel
		Low	High		
2015	63.57	43.00	72.00	27.46	28.88
2016	82.15	45.00	85.00	25.43	44.21
2017	90.98	45.00	92.00	31.78	50.69
2018	62.14	40.00	90.75	42.70	48.17
2019	41.64	35.00	70.00	41.13	47.94
2020	47.31	35.00	71.00	35.63	54.65
2021*	73.12	57.50	80.00	38.48	n/a

*First Quarter
Source: Trade Data Monitor, DOE, ADB

One of the main objectives of the Biofuels Act was also to mitigate greenhouse gas (GHG) emissions. In 2019, the University of the Philippines Los Baños conducted a life cycle assessment of biodiesel production from CNO, finding the 2 percent blend provided a GHG reduction of 1.3 percent. Should the Philippines achieve its National Climate Change Action Plan goal of reaching B20, petroleum displacement and GHG savings become significant given petroleum's contribution to total Philippine GHG emissions. At such blend levels, the Philippines would need to consider incorporating alternative feedstocks, including imported biodiesel, in order to continue safeguarding pump prices.

For more information, see Philippines: Biofuels Annual.

Attachments:

No Attachments.