

**Voluntary Report** – Voluntary - Public Distribution

**Date:** January 26, 2023

**Report Number:** RP2023-0013

## **Report Name:** Higher Voluntary Ethanol Blends Considered

**Country:** Philippines

**Post:** Manila

**Report Category:** Biofuels, Climate Change/Global Warming/Food Security

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### **Report Highlights:**

The Philippine government is currently studying higher ethanol blends in gasoline on a voluntary basis up to 20 percent (beyond the 10 percent mandate). This is in line with the recent stated concern by Bangko Sentral ng Pilipinas (BSP) that the country is overly reliant on refined petroleum product imports. The consideration also follows a Senate Committee on Energy meeting (June 21, 2022), where the Department of Energy was advised to consider such higher blends. Higher voluntary blends, e.g., E15 and E20, would be facilitated through the approval of currently drafted Philippine National Standards (PNS). Until local ethanol production scales up, a voluntary PNS for E20 would force imported refined petroleum products to compete with imported ethanol for 10 percent of the total blended gasoline pool and have the effect of both immediately lowering pump prices as well as providing a safeguard against future oil price and supply shocks.

## Voluntary E15 and E20 Blends Under Consideration

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## Blended Gasoline Supply

Blended gasoline supply is estimated to have reached nearly 6.8 billion liters in 2022, growing on average, six percent a year over the last decade.

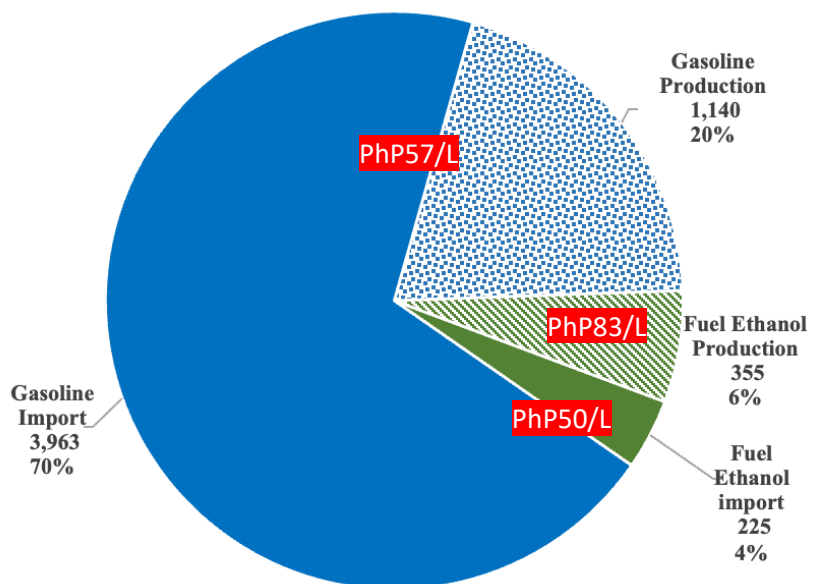
Whereas local and imported refined petroleum products compete openly on price, creating a market equilibrium price between the two, local and imported ethanol do not compete with one another nor with petroleum products. All local ethanol must be exhausted before ethanol imports are allowed.

Ongoing consideration and opportunity of a potentially larger ethanol market has incentivized local producers to consider scaling current investments as well as explore non-traditional feedstocks. The [Philippine Development Plan 2023-2028](#)

includes mapping of suitable areas for feedstock production (page 171).

Until local ethanol production scales up, a voluntary PNS for E20 would force imported refined petroleum products to compete with imported ethanol on price for 10 percent of the total blended gasoline pool and have the effect of both immediately lowering pump prices as well as providing a safeguard against future oil price and supply shocks.

**Figure 1. Blended Gasoline Supply, 2021 (million liters, %)**



Source: [2021 Key Energy Statistics, DOE](#)  
[USDA GAIN Biofuels Annual 2022](#)

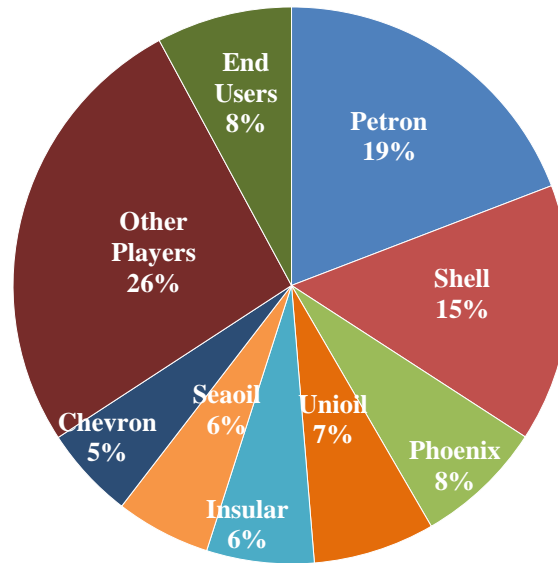
Average Prices, first half of January 2023  
Gasoline Price = prevailing wholesale price Subic = PhP57/liter  
Local Fuel Ethanol = Bioethanol Reference Price, SRA = PhP83/liter  
Imported Fuel Ethanol - \$0.76/liter landed Subic + 20% other costs = PhP50/liter

Philippine gasoline production, which represents 20 percent of the blended gasoline supply, is represented by a single local refinery, Petron, which relies on imported crude oil for its refining operations. Petron also holds 20 percent market share of all petroleum products sold in the Philippines.

Representing 70 percent of the total blended gasoline supply is imported refined petroleum products. While China was the largest supplier of such products to the Philippines in 2021, China’s decision to tighten export restrictions in 2022 forced Philippine importers to seek alternative suppliers, including Korea and Singapore.

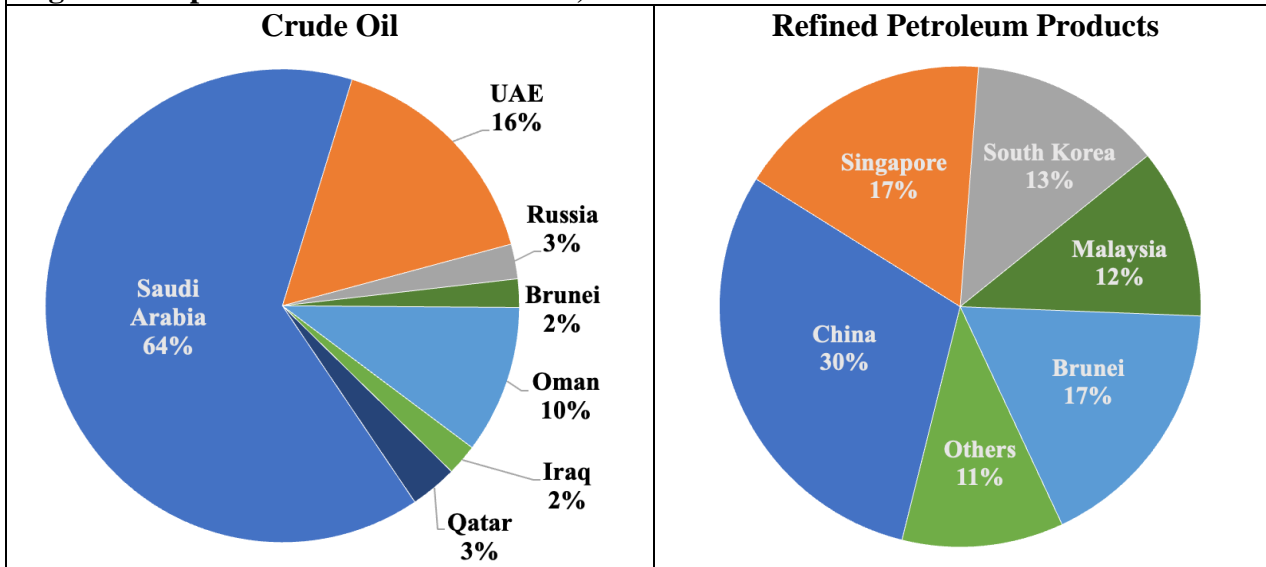
For more information, please see the [Biofuels Annual 2022](#).

**Figure 2. Local Market Share of Petroleum Products by Company, 2021**



Source: [2021 Key Energy Statistics, DOE](#)

**Figure 3. Imports of Petroleum Products, 2021**



Source: [2021 Key Energy Statistics, DOE](#)

**Attachments:**

No Attachments.