

Voluntary Report – Voluntary - Public Distribution
2023

Date: January 11,

Report Number: ID2023-0001

Report Name: Indonesia to Implement Biodiesel B35 in February 2023

Country: Indonesia

Post: Jakarta

Report Category: Biofuels, Oilseeds and Products

Prepared By: Arif Rahmanulloh

Approved By: Jasmine Osinski

Report Highlights:

The Government of Indonesia is set to increase its biodiesel blending mandate from 30 percent to 35 percent in February 2023, a month later than initially announced. The new blending rate is expected to increase palm oil use for fuel to 12.5 million metric tons (MMT) based on the 2023 biodiesel allocation of 13.15 billion liters.

The Government of Indonesia's (GOI) 2023 biodiesel program will mandate a 5-percent increase to its current blending rate. Based on the Ministry of Energy and Mineral Resource (ESDM) [announcement on](#) December 29, 2022, the blending rate will rise to 35 percent in February at the allocation of 13.15 billion liters, including a reserve of 156 million liters. The new rate, which was issued on December 16, 2022, was slated for implementation on January 1, 2023, following President Joko Widodo's order; however, implementation has been delayed until February 1, 2023. Anticipated rising global oil prices and the GOI's drive to reduce fossil diesel imports were the impetus for this policy change.

Indonesia's biodiesel mandate program is financed by levies placed on palm oil exports. Since 2015, the amount of levy fund utilized for the biodiesel program reached IDR 144.59 trillion (\$9.2bn). In 2022, total levies were estimated at IDR 34.59 trillion (\$2.2bn), down from IDR 71.6 trillion (\$4.6 bn) from last year.

Based on the new blending rate and anticipated higher exports of biodiesel, Post forecasts palm oil use for fuel to rise to 12.5 MMT in 2023, a 23-percent increase from the previous forecast. The new mandate is likely to push biodiesel refinery capacity use to 82 percent.

Table 1. Production, Supply and Distribution

Biodiesel (Million Liters)						
Calendar Year	2018	2019r	2020r	2021r	2022e	2023f
Beginning Stocks	152	258	294	329	390	390
Production	5,600	7,700	8,500	9,550	11,100	13,600
Imports	28	0	0	0	0	0
Exports	1,772	1,271	39	193	600	500
Consumption	3,750	6,393	8,426	9,296	10,500	13,150
Ending Stocks	258	294	329	390	390	340
Balance Check	0	0	0	0	0	0
Production Capacity (Million Liters)						
Number of Biorefineries	31	31	31	32	33	33
Nameplate Capacity	11,357	11,357	11,357	14,415	16,656	16,565
Capacity Use (%)	49%	68%	75%	66%	67%	82%
Feedstock Use for Fuel (1,000 MT)						
Crude Palm Oil (CPO)	5,152	7,084	7,820	8,786	10,212	12,511
Market Penetration (Million Liters)						
Biodiesel, on-road use	2,982	5,982	7,850	8,673	9,895	12,437
Diesel, on-road use	24,984	30,610	28,859	31,653	35,768	36,662
Blend Rate (%)	11.9%	19.5%	27.2%	27.4%	27.7%	33.9%
Diesel, total use	33,268	33,169	31,230	34,728	37,099	38,026

Source: Trade Data Monitor (trade), Ministry of Energy and Mineral Resource (consumption, diesel use), biodiesel association (capacity)

Attachments:

No Attachments.