USDA United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

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Report Name: Philippines Implements Higher Biodiesel Blend

Country: Philippines

Post: Manila

Report Category: Biofuels, Oilseeds and Products

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Report Highlights:

Starting October 1, 2024, the Philippines moved to a B3 or 3 percent coco-methyl ester (CME) biodiesel mandate, from 2 percent previously. The blend will gradually increase to 4 percent in October 2025, and to 5 percent in October 2026. An estimated 900 million coconuts are needed to produce the 100-120 million liters of CME needed to comply with a 1 percent mandatory increase in CME blend.

Background

The Philippines is raising the country's biodiesel blend after more than a decade – the last adjustment in the blend rate was in 2007. Following the National Biofuels Board (NBB) recommendation, the Department of Energy (DOE) released the guidelines in Department Circular 2024-05-0013, requiring a 3 percent blend (B3) of coco methyl ester (CME) starting October 1, 2024 for all diesel fuel sold nationwide. When blended with diesel, CME, a fatty acid ester produced from coconut oil, turns into coco-biodiesel.

The Philippine National Standards for biodiesel blends were approved in 2021, with B5 (5 percent CME blend) established in 2015.

27 December 2021 Promulgation of PNS for ADO B3 and IDO B3

- PNS/DOE QS 015:2021 – Petroleum Products – CME-Blended Automotive Diesel Oil (ADOB3) – Specification
- PNS/DOE QS 016:2021 – Petroleum Products – CME-Blended Industrial Diesel Oil (IDOB3) – Specification

27 December 2021 Promulgation of PNS for ADO B4 and IDO B4

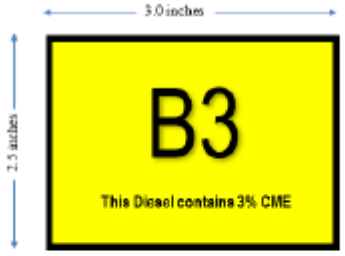
- PNS/DOE QS 017:2021 – Petroleum Products – CME-Blended Automotive Diesel Oil (ADOB4) – Specification
- PNS/DOE QS 018:2021 – Petroleum Products – CME-Blended Industrial Diesel Oil (IDOB4) – Specification

27 November 2015 Promulgation of PNS for High FAME-Blended Diesel Oil (ADO B5 and IDO B5)

- PNS/DOE QS 010:2015 – Petroleum Products – High FAME-Blended Diesel Oil (B5) - Specification

Source: DOE

Fuel oil companies providing B3 to consumers must ensure that the dispensing pumps are provided with B3 signage to properly guide the customers.



- Prints and borders are black with pantone yellow (hex color code #FFD700) as background
- Font type is Arial Narrow in size 80 while the line in size 14

LABEL PROTECTION:

All labels must be resistant to diesel, biodiesel, oil, grease, solvents, detergents, water, etc. and must be capable of withstanding extreme weather conditions so that all entries in the sticker are clearly readable at all times.

Source: DOE

The increase in CME blend is expected to create additional demand for coconut farmers, biodiesel producers, and other stakeholders in the coconut industry. An estimated 900 million additional coconuts will be needed as feedstock to produce around 100-120 million liters (88,000-105,000 MT) of additional CME to satisfy a 1 percent mandatory increase in CME blend.

Consultations Raise Potential Issues in B3 Implementation

The DOE conducted the third leg of its Information, Education and Communication (IEC) Campaign for Higher Biofuel Blends on October 1, 2024, in Manila, after sessions in Visayas (September 24) and Mindanao (September 18).

During the public IEC Campaign in Manila, the major issue raised by oil companies was the sustainability in supply of CME. The coconut oil (CNO) produced is mainly for export which commands a higher price. To comply with the mandated blend, oil companies want to be assured of CME supply given that domestic coconut production has been declining in the country. FAS Manila's forecast coconut oil production to decline by 15 percent to 1.6 million tons in Marketing Year 2024/2025. See GAIN Oilseeds and Products Annual 2024.

Oil companies are also concerned with the increasing price of CME, which has gone up from PhP 57 ($1.16) per liter in 2021 to PhP 90-95 ($1.69-1.70) per liter in 2024, translating into a higher price for biodiesel.

Mitigating Measures

During the IEC Campaign, the Philippine Coconut Authority enumerated possible solutions to mitigate the feedstock supply for CME. Among the programs mentioned were continued expansion in coconut production areas (currently at 3.6 million hectares with 300 million trees), and revitalization of plantations (rehabilitation of trees can double the production). PCA mentioned that current production is at 15 billion nuts. Of that, 2 billion nuts go to CME production, 11 billion nuts are for CNO for export and the remaining for domestic consumption. PCA stated that the coconut rehabilitation program will be able to address the demand for the increase in biodiesel blend and will help stabilize the prices of copra and CME.

Compliance

Despite some of the programs mentioned to increase CME supply, fuel oil companies remain concerned the current supply cannot sustainably meet the B3 blend mandate. The CNO export market remains more lucrative bringing about unpredictability in sourcing CME.

Attachments:

No Attachments.