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Report Name: UCO Trade Update

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Report Highlights:

The People's Republic of China's exports of used cooking oil (UCO) reached a record high in 2024. The United States was the top export market for China's UCO at 1.27 million metric tons (MMT), up approximately 52 percent from 2023 and accounting for approximately 43 percent of China's total UCO exports. However, China eliminated the 13 percent export tax rebate for UCO on December 1, and December UCO exports dropped by 60 percent month over month.

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Market reports indicate that, after the Lunar New Year in early February 2025, China's UCO market slowed further, primarily due to declining order numbers and prices, traffic congestion, and logistics delays, in addition to the tax rebate cancellation. Market sentiment remains low, with many traders holding onto their stocks or selling at lower prices due to cash flow issues and a lack of confidence in the market. Post-holiday, purchase and port prices have generally dropped by \$14 - \$28 per metric ton (MT), leading to reduced collection volumes. Sellers are reluctant to sell at lower prices, and many traders are minimizing purchases to avoid losses from price fluctuations.

According to industry contacts, international demand for UCO has reached unprecedented levels, with significant import increases into Europe, North America, and particularly Singapore in Asia. This contrasts sharply with the sluggish domestic market. Recent reports indicate that traders in Singapore are nearing deals to sell Chinese UCO at over \$1,090 per MT. Meanwhile, both regular and premium Chinese FOB UCO bidding prices have risen to \$1,040 or higher per MT, with premium UCO showing more pronounced increases. A Shanghai-based market source revealed that premium (second-generation) UCO prices have risen by about \$40 per MT compared to pre-holiday levels, with transactions at \$1,040 per MT FOB China.

An exporter in East China noted that recent port purchase prices for regular UCO in the region were around \$975 per MT, predicting further price increases. Industry analysts believe the current domestic market slump is temporary, and with growing international demand and tightening domestic supply, the UCO market is expected to rebound. According to industry sources, driven by urgent shipping needs, supply constraints, and rising global demand for biofuels, the UCO market is expected to enter a new growth wave. Sources report that future market trends will heavily depend on supply-demand dynamics, policy adjustments, and international market developments.

Attachments:

No Attachments.