

Biodiesel Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 125 pages | Mordor Intelligence

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Report description:

The biodiesel market is expected to register a CAGR of more than 7.98% during the forecast period of 2022-2027. In 2020, the European Union recorded the lowest energy demand of the decade due to the COVID-19 pandemic. Despite this, the volume of biodiesel consumed in the European Union transportation sector has not reduced because key countries, like Germany and Italy, have increased the shares of blended biofuels. Factors such as the increasing demand for environment-friendly fuels that reduce greenhouse gas emissions and government support for biodiesel production by providing subsidies are expected to drive the biodiesel market during the forecast period. However, the lack of availability of feedstock for bio-diesel generation and declining crude prices globally may hinder the growth of the bio-diesel market.

Key Highlights

Under transportation segmentation, the usage of biodiesel as fuel is dominating the market due to the acceptance of biodiesel as a blending agent in different countries across the world.

With countries, like the United States, Germany, and the United Kingdom, giving stress on biodiesel blending, more countries, like India and China, are adopting such initiatives, which is expected to create ample market opportunities in the coming years.

Growing production in countries, like Indonesia, China, and Thailand, is expected to drive the market for biodiesel in the Asia-Pacific region at a significant rate during the forecast period.

Biodiesel Market Trends

The Transportation Segment Expected to Dominate the Market

Biodiesel is a renewable, clean-burning diesel replacement used in existing diesel engines without modification. It is made from an increasingly diverse mix of recycled cooking oil, agricultural feedstock, and animal fats.

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The United States is a significant consumer of biodiesel. Some local, state, and federal government agencies with fleets of school and transit buses, snowplows, garbage trucks, mail trucks, and military vehicles use biodiesel blends (B20). Fueling stations that sell biodiesel blends of B20 or higher to the public are available in almost every state.

In Q1 2021, Germany exported around 933,117 metric ton of biodiesel. The primary consumers of German biodiesel were EU countries (88%), headed by the Netherlands, Poland, and Belgium.

Moreover, in May 2021, the German government introduced new biofuel law. As per the new law, obligated oil companies will have to significantly increase the use of biodiesel, bioethanol, and biomethane in the transportation sector to reduce carbon emissions.

As of 2020, global biodiesel consumption reached almost 682 thousand barrels of oil equivalent per day, which was comparatively higher than 464 thousand barrels of oil equivalent per day as of 2015.

Due to the fluctuating prices of petroleum-based products, biodiesel is becoming an increasingly affordable option. The share of biodiesel in transportation fuel is expected to increase considerably.

Asia-Pacific to Witness a Significant Growth

Asia-Pacific is the second-largest consumer of biodiesel across the world. In 2020, the region consumed 170 thousand barrels of oil equivalent per day. Countries like China, Indonesia, India, and Vietnam are promoting the use of bio-diesel to reduce GHG emissions.

Indonesia became the first country to mandate a B30 blend of palm-based fuel. The government allocated 9.59 million kilolitres of fatty acid methyl ester (FAME) for the B30 mandate in 2020, up from 6.63 million kl in 2019.

In 2020, the Indonesian government allocated USD 195 million from the state budget to subsidize producers of palm oil biodiesel to boost the economy out of a pandemic-induced slump.

On the other hand, in Malaysia, the mandate to manufacture biofuel with a 20% palm oil component (known as B20) witnessed a delay. The mandate is expected to be implemented across the country by the end of 2022.

With three new biodiesel plants installed in India in 2019, the total number of plants increased to 26 as of 2021. The additional plants increased the capacity significantly, and with upcoming projects in line, the production is likely to increase further in India. Moreover, in December 2021, LRE Petroleum received the letter of intent (LOI) from Indian Oil to set up a biodiesel manufacturing plant in India. The plant is located in Karnataka and is capable of producing 4 million liters of biodiesel (B-100) every year.

Hence, with the increasing blend percentage in countries, like Malaysia, Thailand, and India, the Asia-Pacific region is expected to witness the highest growth rate in the forecast period.

Biodiesel Market Competitor Analysis

The biodiesel market is fragmented. Some of the major companies include Renewable Energy Group, Inc., Archer Daniels Midland Company, Bangchak Corporation Public Company Limited, Wilmar International Ltd, and Neste Oyj.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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Table of Contents:

1 INTRODUCTION
1.1 Scope of Study

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- 1.2 Market Definition
- 1.3 Study Assumptions

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET OVERVIEW

- 4.1 Introduction
- 4.2 Market Size and Demand Forecast in USD billion, till 2027
- 4.3 Recent Trends and Developments
- 4.4 Government Policies and Regulations
- 4.5 Market Dynamics
 - 4.5.1 Drivers
 - 4.5.2 Restraints
- 4.6 Supply Chain Analysis
- 4.7 Porter's Five Forces Analysis
 - 4.7.1 Bargaining Power of Suppliers
 - 4.7.2 Bargaining Power of Consumers
 - 4.7.3 Threat of New Entrants
 - 4.7.4 Threat of Substitutes Products and Services
 - 4.7.5 Intensity of Competitive Rivalry

5 MARKET SEGMENTATION

- 5.1 Feedstock
 - 5.1.1 Vegetable Oil
 - 5.1.2 Animal Fat
 - 5.1.3 Other Feedstocks
- 5.2 Application
 - 5.2.1 Transportation
 - 5.2.2 Power Generation
 - 5.2.3 Other Applications
- 5.3 Geogrpahy
 - 5.3.1 North America
 - 5.3.2 Europe
 - 5.3.3 Asia-Pacific
 - 5.3.4 South America
 - 5.3.5 Middle-East

6 COMPETITIVE LANDSCAPE

- 6.1 Mergers and Acquisitions, Joint Ventures, Collaborations, and Agreements
- 6.2 Strategies Adopted by Leading Players
- 6.3 Company Profiles
 - 6.3.1 Renewable Energy Group Inc.
 - 6.3.2 Archer Daniels Midland Company
 - 6.3.3 Bangchak Corporation Public Company Limited
 - 6.3.4 Wilmar International Ltd

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- 6.3.5 Neste Oyj
- 6.3.6 Cargill Inc.
- 6.3.7 BIOX Corporation
- 6.3.8 Ag Processing Inc.

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

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