World production of biodiesel rises to record level – demand for soybeans drives biodiesel fuel production in North and South America

Berlin, 6 June 2024. – Growing production of soybean meal in the US and South America is driving the use in biofuels and has caused global biodiesel supply to rise to a record high level.

Based on official data, private sources and forecasts, the International Grains Council (IGC) estimates global production of biodiesel, including HVO, for 2023 at a record high of 71.5 million tonnes. This is an 11 per cent increase on the previous year and almost exclusively based on increases in North and South America and Asia. The EU-27 remained the top producer, although production barely changed compared to the previous year. 2024 world production will presumably reach a high of 76.3 million tonnes and thus exceed the previous year's output by 7 per cent. In recent years, the US, Brazil and Indonesia in particular have expanded their biodiesel production. As a result, these three countries now account for almost 60 per cent of global production, compared to merely 35 per cent ten years ago. In the US alone, production of biodiesel and HVO nearly doubled to just less than 20 million tonnes since 2020. It is expected to rise further to 21 million tonnes in 2024.

Soybean oil plays an important role in terms of feedstocks used in North and South America. On the other hand, soybean meal, which has a protein content of 80 per cent in the bean and costs approximately EUR 420/tonne, is the economic driving force behind the production expansions and not soybean oil, which is traded at approximately EUR 935 per tonne in Germany. The continuous rise in supply of soybean oil associated with soybean meal production has led to a significant increase in global industrial demand, which is expected to reach a record level of 6.4 million tonnes in 2024/25 (previous year: 5.9 million tonnes). Higher demand for soybean meal leads to expansions in area planted. In contrast, consumption of soybean oil as foodstuff remained virtually unchanged, according to investigations conducted by Agrarmarkt Informations-Gesellschaft (mbH).

US soybean meal exports could also reach a record high volume of 15.7 (14.3) million tonnes in 2024/25, although the export potential will be limited by rising domestic consumption. In Brazil, on the other hand, the large harvests are sufficient to cover national demand and exports. Attention must be paid to the fact that for several decades Brazil has been promoting a fuel strategy that is based on passenger cars running exclusively on petrol/bioethanol and heavy goods vehicles running on diesel/biodiesel. As the blending quota is raised another two percentage points to B14 (14 per cent biodiesel), domestic consumption by heavy goods vehicles

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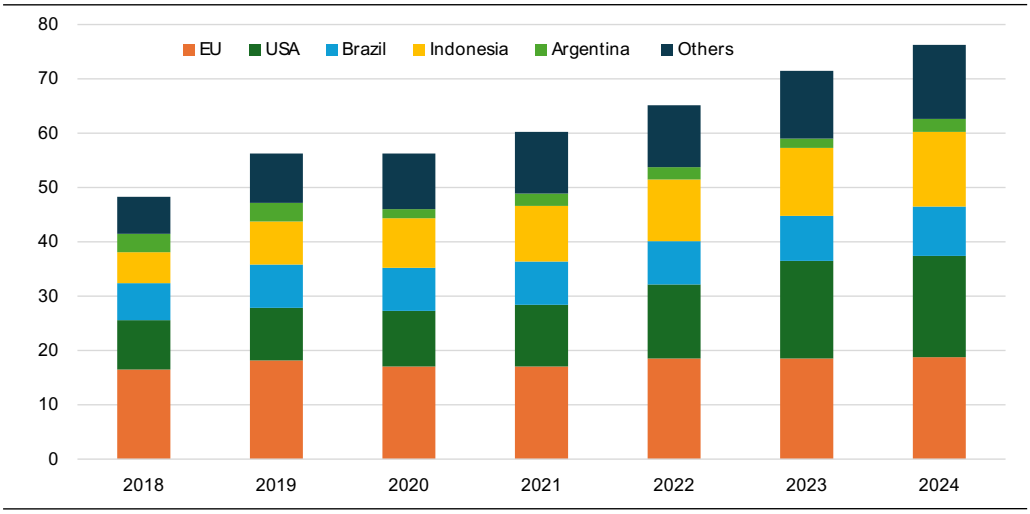
will increase accordingly. Because of this, Brazil, unlike Argentina, is of comparatively little importance on the world market as an exporter of biodiesel.

Despite recording the smallest harvest in more than two decades, Argentina was still by far the largest exporter of soybean meal – and therefore also for soybean oil – in 2022/23. For 2023/24 and 2024/25 soybean oil and soybean meal exports are expected to see a respectable growth due to foreseeably larger harvests. Exports of soybean products are an extremely important source of foreign currency for Argentina.

Biodiesel production in selected countries
in million tonnes



Source: AMI, IGC

Note: 2023 estimate, 2024 forecast

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