

2017-07-26 | Pressemeldung | International | Biotreibstoffe

Tall Oil for Transport Fuel

UPM Biofuels commissioned a study from Ecofys "Crude tall oil low ILUC risk assessment: comparing global supply and demand". The study looked into crude tall oil (CTO) availability, current usage, whether the feedstock creates an additional demand for land, and whether the use of CTO in advanced biofuels can cause distortive effects in the markets.

The study concludes that "the CTO market is not overly tight and potential surplus of about 850,000 t of CTO is still available that could be tapped into". The total potential CTO supply is around 2.6 mio. t. Current actual CTO demand is approximately 1.75 mio. t, of which about 1.4 mio. t is used by distillers and roughly 230,000 t for biofuels. Ecofys also concludes that "CTO use for biofuels did not cause displacement effects elsewhere, and hence CTO is a low ILUC (Indirect Land Use Change) risk material."

UPM considered it necessary to investigate the impact of UPM Biofuels' market entry, and to verify whether UPM BioVerno production may have impacted negatively on the CTO market. The study brings necessary information into the debate concerning raw material availability for various end-uses such as advanced biofuels and biomaterials.

Current debate relating to the EU's Renewable Energy Directive puts raw material availability of feedstock into focus as most materials tend to have alternative usage. "It is important to UPM that we can showcase that our entry into the markets has had limited impacts on the overall market, while it has enabled UPM to become the key producer of wood-based biofuels and products for the biochemical industry.

This research was a follow-up to an earlier study from 2013 that looked into the same issues but this was before UPM began production of renewable diesel from CTO. In 2013, the study concluded that "sufficient quantities of CTO are available for biodiesel production without the risk to cause Indirect Land Use Change and that CTO should be regarded as residue". The new Ecofys study proved that the assumptions made in the earlier report were correct and UPM has created a new value chain parallel to existing ones.

Source: UPM Biofuels

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<http://www.upmbiofuels.com/whats-new/other-publications/Documents/Publications/ecofys-crude-tall-oil-low-iluc-risk-assessment-report.pdf>