

# Asian RED biomethanol assessed prices

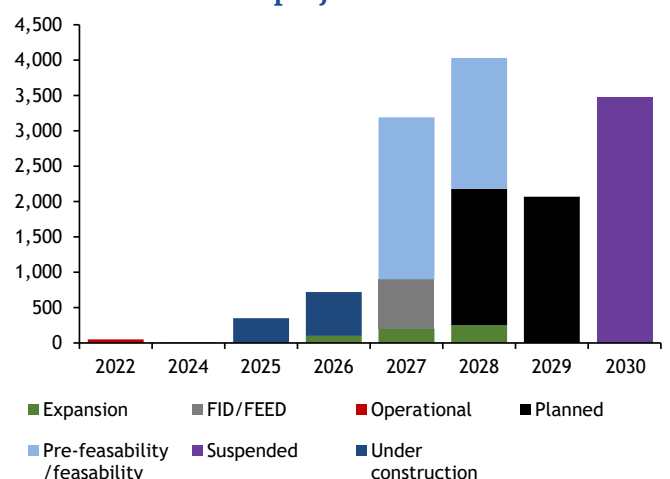


**As the first PRA, Argus has launched its first Asia RED biomethanol spot prices, including fob north China, dap east China and dob east China — adding to its existing assessments for biomethanol certified with the EU's renewable energy directive (RED) in Europe and the US, which include cif UK, fob ARA and fob USGC. The three new China biomethanol prices are assessed weekly on Fridays**

## Why is Argus publishing these prices?

We had received requests for market-based biomethanol price assessments in Asia from global industry players, including investors, shipowners, bunker suppliers, ports and funds. The biomethanol included in our assessments must be accompanied by RED-compliant certification issued by a European Commission-approved auditing body and meet minimum greenhouse gas (GHG) savings requirements. The Argus pricing provides shipowners and bunker buyers with the value of using biomethanol as a compliance option to meet the mandate for decarbonising their fuel set by EU and the International Maritime Organisation (IMO). Our prices bring transparency to this emerging market, enabling shipowners and bunker suppliers to track price trends and keep pace with the rapidly changing market developments. The prices also allow shipowners to compare biomethanol costs with those of traditional and alternative low-emission fuels in different locations, to optimise their fuel mixes and meet their decarbonisation goals. Not only that, these prices are an essential reference for green fuel investors in China and the rest of the world for evaluating the investment returns of future projects. And they help trading firms understand the price competitiveness of biomethanol in different locations.

## China biomethanol projects



## Why is RED biomethanol fob north China a useful price?

Two-thirds of global biomethanol projects are in China and over 80pc of China's announced projects are in the northern part of the country, including Jilin, Heilongjiang, Liaoning and Inner Mongolia. The region has vast renewable electricity capacity, including wind and solar power, and it is home to large swathes of agricultural land. A lot of biomethanol projects are in this region to capitalise on these resources, including agricultural residuals and excess renewable electricity. The region is gradually developing into a key biomethanol production hub, supplying materials to east China and exporting it to other countries. North China's main ports, including Tianjin, Dalian and Yingkou, have ample facilities for methanol storage and export. Shipowners and bunker suppliers around the world can use our price assessments to gauge the production cost of RED-compliant biomethanol from China, and seek opportunities to sell it in other part of the world.

## Why are RED biomethanol dap east China and dob east China useful prices?

East China is a consumption centre for biomethanol as a marine fuel. Biomethanol is not yet produced locally in this region but is supplied from north China and south China. Our dap east China price reflects the cost of obtaining RED-compliant biomethanol at east China ports. East China's Shanghai port is the largest container port in the world and is at the forefront of green methanol bunkering in Asia as nearly 60pc of new orders for methanol-fuelled vessels are container ships. The port has a 20,000m<sup>3</sup> storage tank for green methanol and 6,000t of commercial green methanol bunkering took place there during March-May. Shanghai was the first port in the world to have a 12,000t dedicated methanol barge, and it passed policy and compliance checks required for biomethanol bunkering during the barge's first biomethanol simultaneous refuelling operation in April 2024. The dob east China price captures spot bunkering transactions at Shanghai port, giving shipowners and bunker suppliers a means to evaluate the cost of bunkering biomethanol at the world's largest container terminal closest

to a production hub. Argus is the first in the world to provide a RED-compliant do east China biomethanol price index.

### How are the Chinese biomethanol prices assessed?

The new Chinese biomethanol prices are assessed through market surveys of physical activity in the biomethanol market. The assessments are based on actual physical deals, bids and offers for RED-compliant biomethanol, and are backed up by market fundamentals and other pricing-related information. If trading parties sign a trading confidentiality agreement, Argus will attempt to verify a price range with the parties involved. As the biomethanol grows, Argus is fully committed to expanding our networks of market contacts, deepening market relationships, and leveraging our expertise as a leading pricing index in the biofuel markets, to ensure our Chinese biomethanol price assessments truly reflect the market as it trades. Our assessments can be used by suppliers and buyers as a key component in signing long-term offtake agreements as the market evolves.

### How do you ensure the biomethanol in your assessments is RED-compliant?

We have established strict feedstock, certification and GHG savings specifications for the new China biomethanol assessments, which are also consistent with our biomethanol prices in Europe and the US. Feedstock biomass must be compliant with RED Annex IX Part A. Material must be accompanied by RED-compliant certification issued by a European Commission-approved auditing body. The GHG savings in our do east China and do east China biomethanol assessments are set at the standard minimum of 65pc savings, based on a fossil fuel comparator of 94g CO<sub>2</sub> equivalent/MJ, while our fob north China assessment is set higher, at a minimum 70pc, to allow for additional GHG emissions during export to other countries.

### What is the typical size of a biomethanol sale in Asia?

The RED biomethanol fob north China price mainly reflects export trade. Cargo size depends on the size of the bulk chemical tanker that is used – these range from 3,000-10,000t. Tankers above 10,000t are also available, but limited

biomethanol production and conservative demand in these early stages of the market means exports on larger vessels are limited. The RED biomethanol do east China and do east China prices mainly reflect bunkering activity. Cargo size depends on demand from bunker suppliers and shipowners, and the size of the methanol bunkering barge that is used. Typically, biomethanol bunkering spot deals range from 1,000-5,000t. Argus continues to monitor market behavior and adjust its cargo sizes accordingly.

### How is the biomethanol market developing in China and Asia-Pacific?

Demand for biomethanol as a marine fuel is growing, as more methanol-capable ships are delivered or are about to be delivered. Some shipowners want to try out the fuel, others want to build their corporate image, while others wish to reduce the taxes they pay on voyages to Europe. Most shipowners opt for B24, B30 or LNG to comply with the EU's FuelEU mandate and do not urgently need biomethanol, but it is still worth making thorough preparations along the supply chain because biomethanol will become a medium and long-term low-GHG emissions fuel when the IMO's regulations are implemented in 2028.

### Will there be price differences between biomethanol with different GHG savings?

The market is just getting started. Spot trade and supply sources are still limited to prove price differences among different GHG savings at present. Therefore, Argus decided to publish the prices of biomethanol that meets the minimum RED requirements in this first stage. Argus will introduce new assessments for biomethanol with higher GHG savings in the future when the market emerges.

#### More information

The prices are published in the [Argus Biofuels](#), [Argus Methanol](#) and [Argus Marine Fuels](#) reports. For general queries on our global marine biodiesel price suite and to talk to one of our experts, please contact [oil-products@argusmedia.com](mailto:oil-products@argusmedia.com).

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