

Sustainable aviation fuel and renewable diesel Brazil prices

What has Argus launched?

Argus has launched calculated import parity prices for renewable diesel (RD), or hydrotreated vegetable oil (HVO), and for sustainable aviation fuel (SAF) in Brazil. The calculations show the value of the product delivered to the location from the US Gulf coast (USGC), taking into account the highest-value and most liquid alternative market for the producer.

In the case of renewable diesel, this is California, where state incentives have made it the largest consumer in the US. For SAF, it is northwest Europe, which is the global demand centre given local mandates.

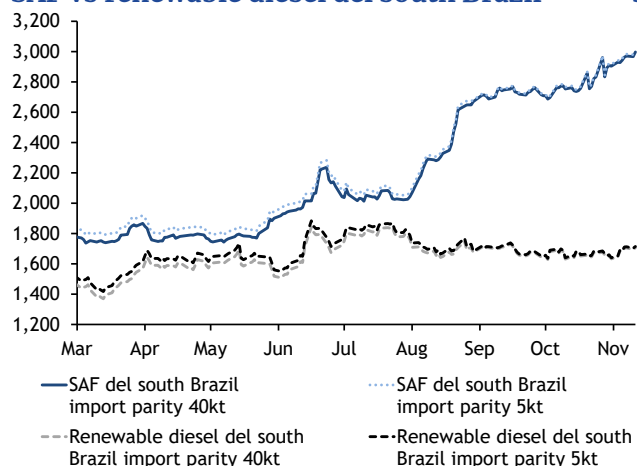
The USGC region is used given its proximity to Latin America and emergence as a production hub for renewable diesel and SAF.

Why are these prices needed by the market?

Mandatory and voluntary biofuels demand in South America has long lagged behind the rest of the world but it is beginning to establish a foothold, as countries and companies look to reduce their carbon footprints.

Brazil is the leader in this regard, having signed the Fuels of the Future law in October 2024, making it the first in the region to launch an SAF mandate. The aviation sector will be required to reduce greenhouse gas emissions by 1pc in 2027, and by up to 10pc by 2037. This is equivalent to a 1.5pc volumetric blend in 2027, growing to 15pc in 2037, assuming soybean oil-based SAF usage.

SAF vs renewable diesel del south Brazil \$/t



The law also paves the way for a higher 20pc renewables share in diesel by 2030 from 15pc currently. In addition, starting in 2027, the National Council for Energy Policy (CNPE) will establish a mandate for HVO of up to 3pc, although the current legislation does not permit the use of co-processed product.

But renewable diesel and SAF production in Brazil and across South America is still at an early stage of development, so these calculations provide transparency on the value of these products locally and compared with other key markets.

How can these prices be used?

Airlines and buyers gain an insight into how much it will cost to meet voluntary and upcoming mandatory demand, while domestic project developers have a reference for competing imported volumes and can plan accordingly.

Counterparties will have a reference to use in long-term supply or offtake contracts, analytical purposes and to compare costs with alternative fuels or decarbonisation strategies. Regulators will be able to use these prices to plan future mandate or incentive schemes.

How are these prices calculated?

For SAF, we take our fob Amsterdam-Rotterdam-Antwerp price — which is assessed via our Argus Open Markets trade initiation platform — as the starting point and subtract the freight rate when shipping a full 40,000t cargo on an IMO2 vessel from the USGC to arrive at a USGC basis. We then separately add the cost of shipping both a 40,000t cargo and partial 5,000t parcel to Paranagua, Brazil, to reflect the import parity price from the highest-valued location and most likely production location.

Renewable diesel uses our R99 head of pipeline Los Angeles assessment as the basis and adds various federal and state

How prices are calculated

$$\text{RED HEFA-SPA fob ARA} - \text{USGC_ARA freight 40Kt} + \text{USGG S Brazil freight 40/5kt}$$

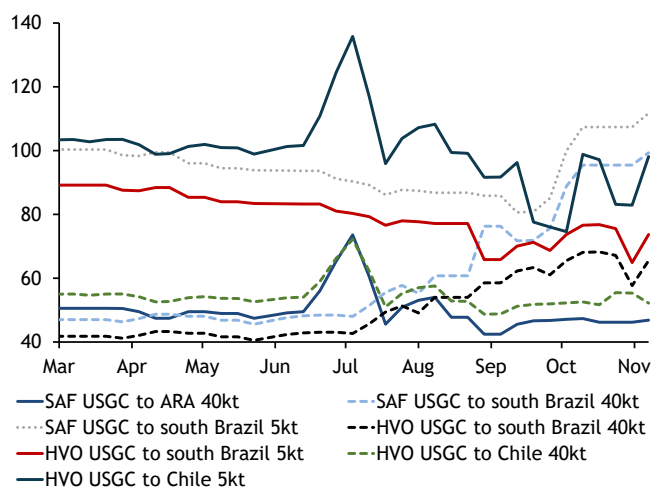
subsidies. Freight from the USGC is then subtracted, before adding shipping costs to Brazil and Chile for 40,000t cargoes and 5,000t parcels.

How does Argus assess the freight components of the delivered SAF prices into Brazil?

The Argus freight editorial team speaks with shipbrokers, charterers and shipowners around the globe to ensure pricing reflects actual trade, or in some cases potential trade, where there is limited liquidity.

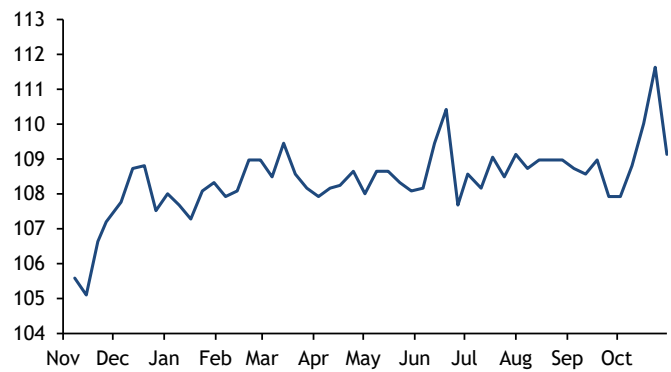
The USGC-ARA SAF 40,000t freight component is a market survey-based assessments for cargoes on IMO2 MR tankers. The USGC-south Brazil 40,000t and 5,000t part-cargo rates are also market survey-based assessments that assume carriage on IMO2 MR tankers, with discharge in Paranagua, Brazil. These assessments are published weekly on Friday, apply to loadings in 10-30 days and are available in Argus Specialised Freight.

Specialised coated IMO2



New Orleans to LA Jones Act freight rate

\$/t



PA codes

Product	PA code
SAF (sustainable aviation fuel) del south Brazil import parity 40kt	PA0045983
SAF (sustainable aviation fuel) del south Brazil import parity 5kt	PA0045984
Renewable Diesel del south Brazil import parity 40kt	PA0045985
Renewable Diesel del south Brazil import parity 5kt	PA0045986
Specialised coated IMO2 SAF USGC to ARA 40kt	PA0045944
Specialised coated IMO2 SAF USGC to south Brazil 40kt	PA0045941
Specialised coated IMO2 SAF USGC to south Brazil 5kt	PA0045942
Tanker clean New Orleans to Los Angeles 310-330k bl	PA0041439
Specialised coated IMO2 HVO USGC to south Brazil 40kt	PA0045939
Specialised coated IMO2 HVO USGC to south Brazil 5kt	PA0045940

For more information

These prices are published in the **Argus Biofuels** and **Argus Americas Biofuels** reports.

See Argus Specialised Freight for comprehensive coverage of biofuels, feedstocks and chemicals freight and Argus Tanker Freight for comprehensive coverage of Jones Act and international clean and dirty tanker coverage. For general queries on our global Biofuels price suite and to talk to one of our experts, please contact: Oil-products@argusmedia.com.

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