

# FOCUS

## AGRICULTURAL LIQUIDS

OCT 2021



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**SGS**

## INTRODUCTION

As the global market leader in agricultural commodities inspection and testing, we provide top-of-the-range testing, inspection, and certification services on a daily basis.

We proudly serve our wide range of customers, from local organizations to companies heavily involved in the global supply chain, processors and consumers. Our network of over 2,600 offices, 89,000 employees and numerous laboratories allows us to provide our customers with an unrivaled level of expertise.

In recent years, global consumption of vegetable oils, animal fats and other edible liquids has seen a considerable – and consistent – growth. Increasing industrial consumption for feedstock in the biodiesel, renewables and oleochemicals market are also key drivers.

However, this rapid growth was somewhat halted in 2020 as a result of adverse weather conditions, the widespread effects of COVID-19 and a global shortage of shipping containers.

### SGS SOLUTIONS FOR THE GLOBAL AGRICULTURAL LIQUIDS INDUSTRY:

We provide globally:

- Bulk loading and discharge supervision
- Container and flexitank/bag loading and discharge supervision
- Sampling
- Quality and analytical testing
- Terminal Services
- Risk and supply chain management

Our NAM laboratories operate under strict guidelines and are accredited to ISO/IEC 17025.

As an analyst and superintendent member of the Federation of Oils, Seeds and Fats Associations (FOSFA) we can inspect, verify and analyze oils and fats. Our US operations team members also operate under strict guidelines and are accredited to ISO 17020. Globally, we are also members of PORAM, ANEC, and NOFOTA.

Additionally, we do offer our customers FOG (full outturn guarantee) service to cover any weight discrepancies between the loading and discharging of a shipment.

FOG provides a one-stop-shop to simplify end-to-end shipping operations. All shipping services are now grouped together and centralized, including full inspection services at both ends (load and discharge ports), weight cover with or without franchise and administrative/procedural requirements.

Our wealth of experience and vast technical knowledge of quality, storage and transportation also means that

we are expertly placed to offer our customers guidance and support to assist them with their specific needs.

We will introduce some of our NAM agricultural liquids team members in this newsletter, explaining their expertise as it relates to 'regionally' specific agricultural commodities, but please note that their scope is often very wide and extends beyond these commodities.

- Used cooking oil (veg oils)
- Soybean oil
- Rapeseed oil



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COMMITMENT

## USED COOKING OIL

The global market for used cooking oil (UCO) is currently estimated to be worth around USD 6 BN. Given the worldwide demand, it's expected that this will rise significantly in the near future – though recent price increases might halt this progress.

China is the world's largest exporter, with Chinese exports growing from 109,000 MT in 2016 to more than 1 MMT forecasted for 2021. SGS boasts a strong network and first-class laboratory capabilities to support our customers' UCO businesses.

Other notable exporters include Indonesia, Malaysia, Saudi Arabia and the United States.

SGS offers one-stop shop services at both the loading port and discharging port. We provide our customers with critical assistance when it comes to selecting suppliers and developing their export business. For example, we help customers achieve ISCC certification, which hugely benefits their sustainable development and overall business growth.

UCOs are waste oils and fats primarily produced by companies operating in the food processing industry,

within restaurants, and by individual households themselves. UCOs are a popular feedstock for biodiesel and renewable diesel.

Most UCO is shipped via flexi-bags in containers, though bulk shipments are an increasingly attractive option – especially considering the current shortage of container vessels and the high container prices from China to the EU.

UCOs generally contain significant impurities, such as Free Fatty Acids (FFA) and moisture, which must be removed before beginning the transesterification process. The acid and saponification values determine both the quality and the price of UCO.

While the more mature restaurant's UCO collecting industry is now well-established, there's still significant growth potential when it comes to household collection of UCO. Households can be incentivized to participate by reiterating that regularly disposing of UCOs down the sink may well lead to blockages and contamination to water systems occurring further down the line.



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 World's largest exporters



## SOYBEAN OIL

Soybean oil is the world's second-most- consumed oil. Global production in 2020 reached around 60 MMT, accounting for roughly 25% of global vegetable oil and animal fats production according to the USDA. Brazil, the United States, Argentina and Paraguay are the world's leading soybean oil exporters.

On a global level, an increasing number of countries are choosing to produce their own soybean oil by crushing imported soybeans in local facilities. For instance, in Algeria, soybean imports have skyrocketed to more than 550,000 MT in 2019/20 (compared to a mere 150,000 MT in 2017/18).

Currently, China, the United States, Brazil, Argentina, the European Union, India, Mexico, Russia, Egypt and Paraguay are the world's foremost soybean oil producers. The soybean oil market consists of inland shipments, imports, and exports.

Soybean oil is high in polyunsaturated fatty acids (mainly C18:2 linoleic acid) which are known to have a positive effect in reducing the risk of heart diseases. Some studies also indicate that consumption of soybean oil might lower LDL (bad) cholesterol levels in the blood.

Compared to other vegetable oils, soybean oil has a relatively high smoke point of > 230°C. This makes soybean oil a good option for high-heat cooking methods such as frying as it can withstand high temperatures without breaking down. To further increase the high temperature stability soybean oils are sometimes partially hydrogenated.

Global production relies heavily on favorable weather conditions as well as supportive governmental import and export tariff policies.



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 World's largest exporters

## RAPSEED OIL

At around 27 MMT rapeseed oil is the world's third most produced oil behind palm oil and soybean oil.

There has been a marked increase in consumption throughout Europe in recent years. This is largely because rapeseed oil contains few saturated fatty acids (7%) and it has a balanced profile between omega 9 (61%), omega 6 (21%), and omega 3 (11%). Therefore, it's one of the healthiest oils to consume, alongside olive oil.

Rapeseed oil, or canola oil (which was developed as a low-glucosinolates and low-erucic acid alternative) is predominantly used in the animal feed,

food or biodiesel industries. Canada is the world's largest producer, followed by the European Union, India and Australia. The European Union and China are the world's largest rapeseed oil and canola oil consumers, though in China these oils are only ever used within foodstuffs.

Rapeseed oil possesses great biodiesel potential. In fact, Rudolph Diesel first tested how effective vegetable oils were at powering engines around a century ago. Due to the climate crisis, biodiesel has seen a significant resurgence in popularity in recent years, which has directly increased global demand for rapeseed oil. This trend has also

increased sales of soybean oil and palm oil – though the latter has been hampered by solidification issues when used in colder climates.

While rapeseed oil and palm oil are promising biofuels, their uptake has been halted by various governmental policies. For example, in January 2020, the French government announced it would stop providing tax advantages to anyone that produces palm oil for the purposes of using it as a biofuel. What's more, French producers now also have to guarantee that biofuels were produced under conditions ensuring net-zero greenhouse gas emissions.



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