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Report Highlights:

Malaysia kept all major biofuel frameworks intact in 2025 but introduced important fiscal adjustments, including the Sales Service Tax (SST) expansion and targeted fuel subsidies, to align with National Energy Transition Roadmap (NETR) goals. Biodiesel consumption and production remain constrained by high crude palm oil (CPO) prices and stalled progress on the nationwide B20 rollout, while exports continue to drive industry performance. Investment in advanced biofuels has continued in Malaysia, specifically in Sustainable Aviation Fuel (SAF), as multiple SAF refineries continue their construction and begin their first rollouts.

SECTION I: EXECUTIVE SUMMARY

Malaysia's biofuels sector in 2025 is shaped by a combination of stable, long-standing policies and new fiscal measures linked to the National Energy Transition Roadmap (NETR). While no major frameworks were repealed or replaced, several were refined, including the expansion of the Sales and Service Tax (SST), and the rollout of targeted fuel subsidies under program known as BUDI MADANI RON95 (BUDI95). These adjustments were designed to balance fiscal pressures with Malaysia's broader decarbonization goals.

Core policies such as the National Biofuel Policy (2006), the Biofuel Industry Act (2007), the Low Carbon Mobility Blueprint (LCMB 2021–2030), and the National Industrial Master Plan (NIMP 2030) remain central to Malaysia's renewable-energy direction. Progress toward higher biodiesel blends continues to be slow; B10 remains the effective nationwide standard, and B20 deployment is still limited due to cost, infrastructure constraints, and insufficient investment. High CPO prices in 2024 and 2025 further widened the cost gap between biodiesel and fossil diesel, influencing both consumption and production patterns.

Malaysia's biodiesel production for 2025 is forecast to remain unchanged at 1.39 billion liters, while domestic consumption rises modestly, supported by mandate-driven demand despite continued cost pressures. With 17 active plants and 2.4 billion liters of capacity, utilization remains modest as producers adjust to margin pressures and fluctuating international demand. Feedstock use continues to rely heavily on crude palm oil, while alternatives such as used cooking oil (UCO) and Palm Oil Mill Effluent (POME) remain underutilized domestically.

Trade remains export oriented. Shipments to the European Union, China, and Singapore continue to dominate, although competitiveness is periodically affected by regional feedstock prices. Imports of biodiesel remain minimal and occur primarily when domestic feedstock prices spike. UCO exports continue to expand due to global demand for renewable diesel and SAF. Advanced biofuels development shows accelerating momentum. Following small amounts of production in 2025 by EcoCeres, construction began on a large-scale SAF and renewable diesel biorefinery led by Petronas in partnership with Eni Live and Euglena with operations targeted for 2028. Following regional trends, airline engagement is expanding through early SAF offtake arrangements. Additional storage and logistics investments indicate growing industry interest in renewable fuels.

SECTION II: POLICY AND PROGRAMS

Malaysia's biofuel policy landscape continued to evolve throughout 2025, shaped largely by the continued implementation of the NETR that was first introduced in 2023, along with subsidy reforms and industrial policy shifts. Most existing biofuel-related frameworks remain in place, but several have been updated, expanded, or supplemented by new national strategies. Nevertheless, none of the major frameworks saw significant changes in 2025. The Malaysian government kept the core structure of the National Biofuel Policy (2006), the Biofuel Industry Act (2007), and existing biodiesel mandates. Instead of repealing policies, Malaysia focused on updates and refinements such as targeted fuel-subsidy reforms (BUDI95) and the expanded SST coverage for oleochemical feedstocks. These policy adjustments also reflect the government's intent to balance fiscal consolidation with longer-term decarbonization goals.

Several long-standing frameworks continue to guide Malaysia's biofuel and renewable-energy direction with no major structural changes:

- [Low Carbon Mobility Blueprint](#) (LCMB) 2021–2030: aligned with NETR; maintains the biodiesel pathway for heavy transport.
- [National Industrial Master Plan](#) (NIMP) 2030 – remains a key industrial policy, with renewed emphasis on bio-based industries.
- Hybrid and EV Policy – the incentive structure continues, though with adjustments under Budget 2025.
- POME Management Regulations – the biogas-capture requirements, enforced since 2014, remain in effect.
- Duties: For denatured ethanol (HS 2207.20), the import duty is RM1 per liter. The product is subject to an excise duty of RM1.21 per liter plus 15 percent. It is also subject to a 10 percent sales tax, while there is no export duty.

These policies provide continuity in Malaysia's biofuel development environment, though implementation challenges persist in certain areas like POME biogas compliance, and Electric Vehicle (EV) infrastructure.

a) LOW CARBON MOBILITY BLUEPRINT (LCMB) 2021-2030

LCMB 2021-2030 supports the broader NETR by outlining strategies to reduce emissions in the transport sector. It also aligns with Malaysia's commitments under the Nationally Determined Contribution (NDC) to reduce carbon intensity and supports the transport-related goals outlined in the NETR. Although public discussions often highlight electric vehicles, the LCMB also positions biofuels as an important component in Malaysia's fuel-mix transition particularly for heavy-duty vehicles, buses, long-distance transport, and other segments where electrification is likely to progress more slowly.

The Blueprint calls for the gradual expansion of low-carbon fuels, including B10, B20, and eventually B30 biodiesel blends, alongside the use of natural gas vehicles and increased electrification of passenger cars. Malaysia implemented B10 nationwide for on-road transport in 2019, following the successful rollout of B7. B20 was originally targeted for nationwide implementation in 2021–2022, after pilot programs in selected regions and government fleets, while B30 was positioned as a longer-term option

toward the latter half of the 2020s, contingent on feedstock availability, infrastructure readiness, and fiscal capacity. At this time, however, B20 has yet to be rolled out nationwide. The document envisions a future where a significant share of freight and public transport relies on low-carbon liquid fuels, while cars and smaller vehicles shift towards hybrid and electric systems. The actual targets for biodiesel expansion, particularly the shift of B20 to B30, are derived from the NETR and policy updates by the Ministry of Plantation and Commodities (KPK). It is important to note, however, that progress towards B20 in Malaysia is behind schedule and largely stalled due to the high costs of implementation. The uptake in electric and hybrid vehicles has been slow but increasing. In February 2025, Minister of Plantations and Commodities conceded that there was not sufficient infrastructure or investment to make the jump to B20.¹

b) NIMP 2030 BIO-BASED AND CIRCULAR ECONOMY

The NIMP 2030 provides a long-term framework for strengthening Malaysia's industrial sector and promoting higher-value manufacturing. Although not a biofuel-specific policy, NIMP 2030 identifies bio-based industries and circular-economy development as central to the country's industrial transformation.

Within this mission, NIMP highlights several areas that directly relate to the biofuel sector:

- downstream palm-based products
- biomass valorization
- renewable energy applications
- emerging bio-refineries and advanced bio-chemicals
- sustainable aviation fuel (SAF) and renewable diesel

The Plan encourages private sector participation in advanced biofuel production and green-industrial clusters, supported by incentives administered by the Malaysian Investment Development Authority (MIDA). These include Pioneer Status, which grants qualifying companies a partial income tax exemption on statutory income for a specified period, Investment Tax Allowance (ITA) which provides an allowance on capital expenditure that can be offset against statutory income and Green Investment Tax Allowance (GITA) which offers tax relief for investments in approved green technologies and environmentally sustainable projects and access to various green-financing mechanisms.

While the NIMP 2030 does not introduce new biofuel blending mandates, it influences the overall fuel-pool structure by promoting greater use of low-carbon fuels in manufacturing, export-oriented industries, logistics, and industrial energy systems.

c) HYBRID AND EVs - INCENTIVES, CHALLENGES, AND BIOFUEL IMPLICATIONS

Malaysia's hybrid and electric vehicle (XEV) policy continues to evolve under the NETR, which outlines the country's path toward net-zero emissions by 2050. Early adoption was driven by generous tax exemptions and import incentives. However, the 2025 national budget signaled a gradual policy shift, with greater attention on infrastructure, local assembly, and battery-waste management.

¹ [Govt. planters at impasse over RM643 mil investment for B20 biodiesel implementation, says Johari Ghani](#)

The government continues to exempt import duty, excise duty, and sales tax for two categories of electric cars:

1. **Completely Built-up Unit (CBU) EVs** (*fully manufactured overseas and imported into Malaysia as finished vehicles*) remained exempted from import duty, excise duty and sales tax until the end of 2025.
2. **Completely Knocked Down (CKD) EVs** – imported as parts and components and assembled in Malaysia. These are exempt from import duty, excise duty and sales tax until December 31, 2027. The initiative is to encourage local manufacturing and supply chain development.

These measures are designed to encourage early adoption and stimulate domestic investment in EV manufacturing and components.

Additional consumer and industry incentives include:

- Personal tax relief of up to RM2,500/USD607² for the purchase or installation of home EV charging equipment.
- ITA for companies developing EV charging infrastructure.
- Temporary road-tax exemptions for EVs, with progressive rates expected to return after 2025.

These incentives are coordinated by the Ministry of Finance (MOF), the Ministry of Investment, Trade and Industry (MITI), the Malaysia Automotive, Robotics and IoT Institute (MARii), and the Malaysia Green Technology and Climate Change Corporation (MGTC).

Despite these supports, several challenges are emerging. The 2025 Budget indicated that road-tax exemptions for EVs were likely to end soon, signaling a normalization of EV-related costs. Growing concerns over battery-waste management are also shaping policy direction.

The Department of Environment (DOE) has classified used EV batteries as Scheduled Waste (SW103) under Malaysia's Environmental Quality Regulations. Large-scale recycling facilities, however, remain limited. Projections suggest that Malaysia may need to manage nearly 870,000 used EV batteries by 2050, prompting the government to study new regulatory and fiscal measures for recycling activities. Public concerns include limited charging infrastructure outside major urban centers, uncertainty over EV resale values, higher grid demand, and environmental risks linked to lithium-ion battery disposal.

d) BIOFUEL AND PETROL SUBSIDIES

Malaysia's fuel-subsidy policy underwent significant reform in 2025 as the government shifted from blanket subsidies toward a targeted mechanism aligned with long-term fiscal and energy-transition goals. The most notable change is the introduction of [BUDI MADANI RON95](#), a targeted petrol-subsidy program implemented by the MOF in September 2025.³

² Exchange Rate from Bank Negara Malaysia as of Dec 9, 2025

³ Explanation on BUDI MADANI RON95

Under BUDI 95, eligible Malaysians verified through the Identification Card (MyKad) and local-vehicle registration can purchase RON95 fuel at RM1.99/USD0.51 per liter, capped at 300 liters per month. Non-citizens and foreign-registered vehicles are not eligible and must pay market prices, estimated at RM2.60 per liter. Treasury projections estimate annual fiscal savings of roughly RM2.5billion/USD642 million⁴ from this reform.

The government also removed blanket diesel subsidies in June 2025, retaining support only for public transport, fisheries, and selected logistics segments in Sabah and Sarawak. This approach narrows the price gap between fossil diesel and biodiesel blends (B10, B20), which may make biofuels more competitive in the domestic market.

The BUDI 95 system incorporates a digital quota-monitoring platform that tracks monthly fuel purchases to prevent leakages. Treasury data indicate that 95 percent of Malaysian motorists consume less than 180 liters per month, reinforcing the adequacy of the 300-liter cap.

Together, these reforms represent a shift toward a more targeted subsidy regime. The policy reduces fiscal pressure and creates budget space for investment in renewable energy, including waste-based biodiesel and SAF. The reforms also support Malaysia's NETR goals by aligning energy pricing with environmental considerations.

e) FINANCIAL SUPPORTS FOR THE BIOFUEL INDUSTRY

Malaysia has expanded financial support for the biofuel sector in recent years to include investments in advanced biofuels and supply chain infrastructure. A key development in Budget 2025 is the government's support for waste-based SAF, developed in partnership with Petronas and major palm oil producers. This marks a shift toward higher-value biofuel segments and diversification of feedstocks.

Malaysia's Green Investment Strategy, led by MITI, also identifies bioenergy as a critical component in achieving net-zero emissions by 2050. The strategy estimates that Malaysia will require huge expenditure for low-carbon investments across the next three decades, with bioenergy positioned as a key lever.

Private sector investment has also expanded, particularly in logistics and storage capacity for renewable fuels. For example, Dialog Group Berhad has added approximately 150,000 m³ of storage at Tanjung Langsat to support SAF and hydrotreated vegetable oil (HVO) supply chains.

Budget for 2026 allocations relevant to the biofuel industry include:

- **RM379 million for the Ministry of Plantation and Commodities (KPK)** – Supports palm oil sustainability, productivity improvements, and downstream activities, including biomass utilization that feeds into biodiesel and renewable-fuel production.
- **Smallholder Productivity & Sustainability Programs** – Continued allocations for replanting assistance, mechanization grants, and fertilizer support. These programs

⁴ Exchange Rate from Bank Negara Malaysia as of February 25, 2025

strengthen future availability of palm oil feedstock for biodiesel, renewable diesel, and SAF.

- **Bioenergy and Renewable Energy Support under NETR (continuation)** – Budget 2026 reinforces NETR Phase 2, which includes renewable fuels, biogas, biomethane, and waste-to-energy systems that complement the biofuel supply chain.
- **Incentives under MIDA maintained** – Pioneer Status, ITA, and GITA remain available for investors in advanced biofuel technologies such as SAF, HVO, and second-generation fuels.

These financial commitments strengthen the investment outlook for biodiesel, renewable diesel, and SAF. They also highlight the government’s intention to develop a more integrated renewable-energy ecosystem that includes feedstock development, logistics, research and development, and advanced biofuel technologies.

f) POME MANAGEMENT ACROSS THE PALM OIL MILL INDUSTRY

Palm Oil Mill Effluent (POME) remains one of Malaysia’s largest industrial by-products, produced during the milling of Fresh Fruit Bunches (FFB) into CPO. Each metric ton of CPO generates an estimated 2.5 to 3 tons of POME. If discharged untreated, POME can release methane, one of the most potent greenhouse gases and pollute waterways. Because of this, POME management continues to be a central environmental and energy issue within Malaysia’s palm oil and biofuel sectors.

Since January 2014, under the Economic Transformation Program’s Entry Point Project (EPP 5), all new and expanding palm oil mills have been required by the KPK and the DOE to install biogas-capture or methane-avoidance systems.

As of 2024, Malaysia has 458 operating mills, of which approximately 145 have functioning biogas-capture systems, an increase from 125 in 2020. DOE oversees effluent discharge under the Environmental Quality Act 1974, while MPOB monitors mill licensing and reporting requirements. Mills must comply with a Biochemical Oxygen Demand (BOD) discharge limit of 100 mg/L, with a stricter 50 mg/L threshold for mills located near environmentally sensitive zones.

By implementing this requirement, industrial players face challenges such as:

- No mandatory retrofitting: Mills not undergoing expansion are exempt from installing new systems.
- Limited grid access: Many rural mills lack interconnection infrastructure, restricting biogas-to-electricity export potential.
- Methane leakage: MPOB studies (2024) report methane leakage of 15–20 percent from poorly maintained systems.
- Insufficient incentives: Feed-in Tariff (FiT) payouts and replanting-levy mechanisms have not been strong enough to accelerate industry-wide compliance.

g) IMPORT POLICY, DUTIES, AND TRADE MEASURES

Malaysia’s fiscal and trade environment for biofuels shifted significantly in 2025 as the government aligned revenue policies with the NETR. Key changes include adjustments to the SST, and updated compliance requirements for biofuel importers and processors.

The expanded SST structure, implemented on July 1, 2025, increased the domestic sales tax rate from 0 to 5 percent for most taxable goods. Several commodities relevant to biofuel production like palm kernel oil (PKO), palm fatty acid distillates (PFAD), and certain oleochemicals were moved from exempt to taxable categories. This change effectively increases input costs for domestic biodiesel and renewable-diesel producers.

These adjustments illustrate Malaysia’s effort to balance fiscal needs with renewable-energy goals. While SST expansion increases production costs for local refiners, duties remain unchanged to strengthen domestic processing and maintain competitiveness in international biofuel markets.

Table 1: Key Policy Changes Affecting Biofuel Trade and Taxation (Nov 2024 – Dec 2025)

Policy / Measure	Effective Date	Administering Agency	Description of Change	Relevance / Expected Impact on Biofuel Sector
Expanded SST	July 2025	Ministry of Finance / Royal Malaysian Customs Department	Sales tax rate increased; - PKO previously 0%, now 5%, - PFAD previously 0%, now 5%,	Raises production costs for domestic biodiesel manufacturers; could narrow margins unless offset by incentives or higher selling prices. Impacts biodiesel producers using PKO-based feedstocks; may encourage direct CPO usage instead of PKO derivatives.
MFN Import Duties on Ethanol / Biodiesel	Unchanged (2025)	Ministry of Investment Trade and Industry / Royal Malaysian Customs Department	Ethanol Sales Tax for both Undenatured and Denatured ethanol is 10% and 0% for export tax. Denatured ethanol (HS 2207.20.): the import duty is RM1 per liter. Excise tax is RM1.21 per liter	Maintains open trade for renewable fuels; supports flexibility in sourcing non-palm bio feedstocks if domestic production lags. Excise duty on undenatured ethanol raises cost structures for any domestic fuel-blending activities that rely on ethanol imports. Denatured ethanol remains cheaper for industrial users. Biodiesel imports remain

			plus an ad valorem excise component of 15% Other Related Importers must still obtain import licenses from MITI & MPOB.	duty-free but governed by licensing requirements.
Export Tax Rebate for Value-Added Palm Products	Ongoing (2025)	MPOB / Ministry of Finance	Exporters of refined biodiesel and oleochemical derivatives eligible for partial duty rebates under value-added incentive.	Encourages local upgrading and export of finished biofuel products, supporting downstream industry.

SECTION III: ETHANOL

Malaysia does not operate a fuel ethanol program and made no moves toward introducing it in 2025. Ethanol continues to be used only for industrial, pharmaceutical, and beverage applications, with no blending into the gasoline pool. Small volumes of ethanol generated from POME digesters at palm plantations are used only for internal electricity generation and are not commercialized. Sugarcane production is limited and fully absorbed by sugar milling, molasses for feed, and industrial ethanol users, leaving no surplus for a fuel program. High production costs and a lack of scale also limit the feasibility of local fuel-ethanol plants.

Industry contacts note the environmental benefits of ethanol blending, but concerns about long-term import dependence continue to outweigh those potential gains. Currently, no ethanol is imported for fuel blending. Import duties listed in the Customs Duties Order, for HS 2207.20, the import duty is RM1 per liter. This product is subject to an excise duty of RM1.21 per liter plus 15 percent. Denatured ethanol is also subject to 10 percent sales tax, but no export duty. Standard licensing through MITI remains the only requirement.

SECTION IV: BIODIESEL

Table 2: Malaysian Biodiesel Production, Supply, and Distribution (in million liters)

BIODIESEL (MILLION LITERS)										
Calendar Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 ^f
Beginning Stocks	76	52	170	232	564	832	895	776	754	614
Production	596	853	1,100	1,778	1,249	1,196	1,150	1,392	1,392	1,392
Imports	2	0	65	213	172	90	83	186	146	190
Exports	115	199	530	729	402	432	450	706	688	780
Consumption	507	536	573	930	751	791	902	894	990	995
Ending Stocks	52	170	232	564	832	895	776	754	614	421
Production Capacity (Million Liters)										
Number of Biorefineries	17	16	15	19	19	18	18	17	17	17
Nameplate Capacity	2,248	2,239	2,174	2,426	2,426	2,332	2,362	2,400	2,400	2,400
Capacity Use (%)	26.50%	38.10%	50.60%	73.30%	51.50%	51.30%	48.70%	58.00%	58.00%	58.00%
Feedstock Use (1,000 MT)										
Crude Palm Oil (CPO)	548	785	1,012	1,636	1,149	1,101	1,058	1,281	1,281	1,281
Market Penetration (Million Liters)										
Biodiesel, On-road use	507	536	573	810	618	649	707	749	805	835
Biodiesel, Industrial use	0	0	0	120	133	142	195	145	185	160
Diesel Pool, On-road use	7,246	7,659	8,182	8,530	6,502	6,832	7,444	7,885	8,474	8,792
Blend Rate (%)	7.0%	7.0%	7.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Diesel Pool I	11,647	12,517	12,571	14,149	11,476	12,018	12,865	13,439	14,132	14,502

F=forecast

Sources listed is Section IV

Consumption

Malaysia's biodiesel consumption in 2025 reflects a market that is constrained by policy, pricing, and fuel-pool dynamics. Total biodiesel consumption for 2025 is estimated at 995 million liters, a slight increase from 990 million liters in 2024. On-road transport continues to account for most use, with on-road biodiesel consumption rising to 835 million liters in 2025, compared with 805 million liters in 2024. Industrial and off-road demand is estimated at 160 million liters, down 14 percent from the 185 million liters recorded in 2024, as some industrial users reduced operating hours and fuel purchases in response to higher costs.

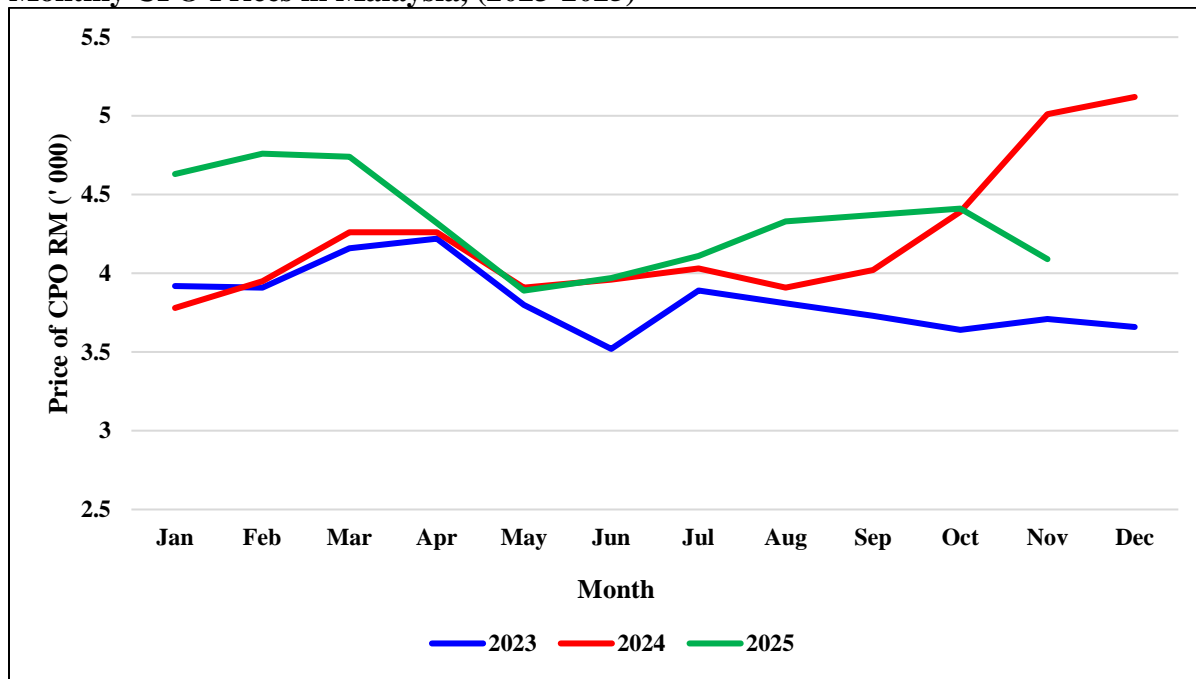
The national on-road blend remains at B10, unchanged from previous years. Although the government has goals to expand B20 nationwide, implementation continues to stall. Higher feedstock costs, the widening price gap between biodiesel and fossil diesel, and concerns about price pass-through made B20 implementation politically and financially difficult. Both private and government investment have remained cautious, as industry players were unwilling to commit to new blending and logistics upgrades without a clear long-term mandate, and sufficient investment in resources to accelerate B20 nationwide have yet to come to fruition. The industrial/off-road blend rate remains lower than the transport mandate at seven percent.

Price-Driven Changes in Consumption

A key factor affecting demand in 2024 and 2025 has been the increase in CPO prices. Higher feedstock prices translate directly into higher biodiesel production costs, since palm oil accounts for the majority of biodiesel variable costs. MPOB's monthly price series shows clear year-to-year movement in CPO prices. In 2023, CPO ranged from RM3,520 to RM4,220 per metric ton (USD854 to USD1,024/MT). Prices strengthened in 2024, averaging to RM3,780 to RM5,120 per metric ton (USD917 –

USD1,243/MT) driven by tighter regional supply and higher biodiesel feedstock demand. In 2025, CPO prices continued to firm and frequently exceeded RM4,600 per metric ton (USD1,117) during the first quarter of the year.

Monthly CPO Prices in Malaysia, (2023-2025)



Source: Malaysian Palm Oil Board

Comparing 2024 and 2025, prices were on average higher in 2025, though the price gap narrowed after the first quarter of the year. This situation makes the cost gap between palm-based biodiesel and fossil diesel wider. The sustained price increase contributed to slow progress on higher blend mandates and kept discretionary blending close to zero. This price pressure contributed to a decrease in consumption in 2024 and similar consumption levels in 2025.

Although Malaysia maintains a formal B10 mandate for the on-road transport sector, the effective blend rate in 2024 and 2025 remains slightly below 10 percent due to uneven implementation across regions and fuel segments.

1. Diesel Subsidy Rationalization

The removal of blanket diesel subsidies happened in the second quarter of 2024 when the government shifted to a targeted subsidy system, narrowing its fiscal exposure. That change pushed retail diesel higher for most users except for categories that continue receiving targeted support public transport, fisheries, and selected operators in Sabah and Sarawak. This did not reverse Malaysia's broader, long-term increase in total diesel demand, which continues to grow with economic activity and a very affordable vehicle industry.

2. Diesel Fuel Pool

Malaysia's diesel pool for transport continues to grow modestly due to population and economic activity. On-road diesel use has expanded from about 7.2 billion liters in 2016 to 8.5 billion liters in 2024 based on industry data. Growth has been gradual rather than rapid, with annual increases typically ranging between four to nine percent throughout the last five years. The increase shows a rising freight movement, e-commerce logistics, and continued reliance on diesel-powered transport both in West and East Malaysia.

Hybrid and EV uptake remains low but is increasing in major urban areas. While the numbers are not yet large enough to significantly reduce diesel demand, they contribute to a forecasted slowing of diesel-pool growth in 2025.

Production

Malaysia's biodiesel production in 2025 is forecast to remain unchanged from 2024 levels. The country maintains 17 active biodiesel refineries with a combined nameplate capacity of about 2.4 billion liters. Despite this sizeable capacity, actual output remains below potential.

Capacity utilization is forecast at 58 percent. A major constraint remains high production costs, including strong CPO prices, which increased significantly through 2024 and early 2025.

Feedstock use in 2025 remains dominated by CPO, with refineries projected to use roughly 1.28 million MT, based on industry-standard conversion ratios. Although Malaysia allows the use of UCO, POME, and tallow, these alternatives remain minor due to high prices and international demand for tallow and UCO, as well minimal POME-to-biofuel conversion incentives. Industry stakeholders indicate that significant expansion is unlikely until the government provides a clearer timeline and strategy for nationwide B20 or B30 implementation.

Trade

Biodiesel

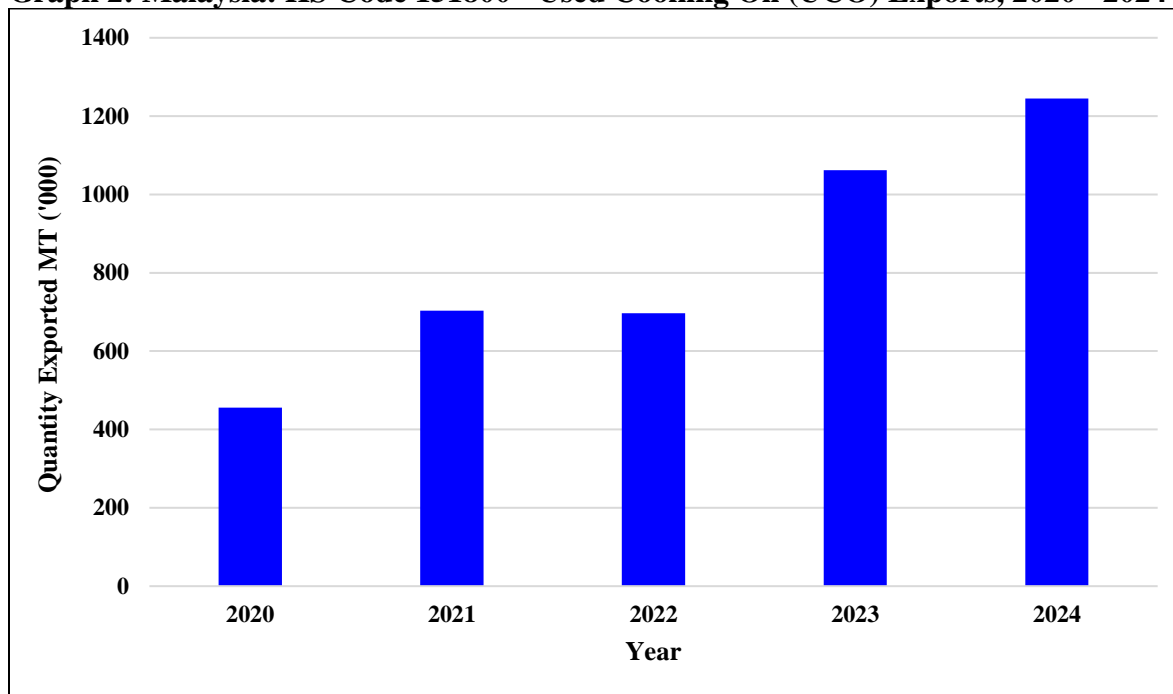
Malaysia's biodiesel trade in 2025 continues to be export-driven, with patterns closely tied to EU regulatory developments, regional palm oil prices, and shifts in global demand for lower-CI fuels. For 2024, biodiesel exports are estimated at 688 million liters, slightly below 2023 as higher domestic CPO prices reduced Malaysia's price advantage against Indonesian suppliers, especially in Rotterdam and East Asia.

Imports of biodiesel in 2025 largely originate from China and Indonesia. Import reliance continues to be low compared to total consumption, with imports accounting for less than two **percent** of total diesel pool.

UCO Trade

Malaysia's UCO trade expanded rapidly due to strong international SAF and renewable diesel demand. Exports in 2025 continue rising, driven by higher offtake from the Netherlands, the United States, and Spain. Export growth is supported by private sector collection networks, although concerns about traceability, adulteration, and re-exported UCO remain.

Graph 2: Malaysia: HS Code 151800 - Used Cooking Oil (UCO) Exports, 2020 - 2024



Source: Trade Data Monitor

Imports of UCO have also increased modestly over the past five years, mainly from Indonesia and China, to meet export demand and local refining needs.

SECTION V. ADVANCED BIOFUELS

Sustainable Aviation Fuels

Malaysia continues to develop its SAF ecosystem, driven by the aviation sector's alignment with the International Air Transport Association (IATA) commitment to achieve net-zero emissions by 2050. While Malaysia does not yet have a national SAF mandate, several commercial-scale projects and early-stage airline agreements indicate growing momentum across the industry.

One of the earliest and most advanced projects is the EcoCeres SAF/HVO biorefinery in Pasir Gudang, which became [operational in October 2025](#). Qantas airlines has announced purchases from the EcoCeres plant, highlighting Malaysia's entry into exporting SAF. The facility has a capacity of approximately 350,000–420,000 tons per year of SAF and hydrotreated vegetable oil (HVO) once operating at full capacity.

In November 2025, Petronas, Eni Live (Italy), and Euglena (Japan) began construction of a biorefinery in Pengerang, Johor. The facility is designed to process up to [650,000 metric tons](#) of renewable feedstock annually, including UCO, animal fats, and palm-based residues, to produce renewable diesel and HEFA-type SAF. Operations are targeted for 2028.

Malaysia recorded its [first local SAF deployment](#) in September 2025, when Petronas supplied a locally blended SAF batch to Malaysia Airlines for its Kuala Lumpur–London (MH2) route. The SAF was blended at PETRONAS’ existing fuel blending facilities using imported ISCC – certified SAF components, rather than a dedicated SAF production plant. Although limited to a two-week operational window (September 1-16, 2025), the use of SAF on a scheduled long-haul flight marks an early step toward market adoption.

To support the feedstock availability, Petronas Dagangan Berhad (PDB) and the Ministry of Plantation and Commodities (KPK) have expanded UCO collection programs through selected Petronas stations across the Klang Valley, Johor, and Sabah, though current acquisition of UCO from this type of collection remains minimal. Additional supply chain investment is also emerging. Dialog Group Berhad expanded renewable-fuel storage capacity by [150,000 m³ at Tanjung Langsat](#) to support SAF and HVO logistics.

SECTION VI. NOTES ON STATISTICAL DATA

Trade data

Trade Data Sources

All biodiesel (HS Code 382600 assumed at B100) and used cooking oil (UCO, HS 151800) trade statistics are sourced from Trade Data Monitor using Malaysia’s 2024–2025 monthly records. Diesel pool data are taken from the International Energy Agency (IEA) and cross-referenced with Petroleum National Berhad (Petronas) retail diesel pool estimates. Biodiesel consumption and blend-rate calculations follow industry data shared by MPOB, Biodiesel Association of Malaysia and major downstream fuel suppliers.

Conversion Rates

Palm Methyl Ester Biodiesel

1 metric tons (MT) Crude Palm Oil = 1,087 liters of Palm Methyl Ester

Attachments:

No Attachments