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INSIGHT CONVERSATION: Zeng Shu Fei, KH Marque

This is the sixth of a seven-part Insight Conversation series where leaders and stakeholders in the biofuels space share their thoughts on the opportunities and challenges in Asia's biofuels sector.

For **Zeng Shu Fei**, founder and CEO of KH Marque, sustainability is rooted in circularity. Biofuels made from used cooking oil have some of the lowest carbon intensity scores among commercially available feedstocks, and Singapore-based KH Marque works at the grassroots to build a transparent and traceable supply chain for biofuel producers.

Zeng talks to S&P Global Energy Senior Editor Aditya Kondalamahanty about trade flow changes in 2025, trade uncertainties and her outlook on the evolution of the biofuels industry.

“As SAF markets develop there is going to be very robust demand for used cooking oil, not only from the US and Europe, but also from Asia itself.”

- Zeng Shu Fei, KH Marque

How have UCO trade flows changed this year? And how have policy shifts globally affected the market?

Because of the US administration change in January this year and the tariffs imposed, the biggest change has been on the flow of used cooking oil or UCO from Asia to the US, especially from China.

But at the same time, with the EU's mandate on the use of 2% of sustainable aviation fuel, or SAF, which translates to about 2.4 million mt of feedstocks, it has become the biggest buyer. We saw that shift in the EU becoming the biggest buyer for UCO in the first quarter of 2025.

However, on April 9, the US administration announced a 90-day delay to its earlier tariff deadline, which then saw a surge of US buyers returning to the market to fulfil pent-up demand before the Aug. 1 deadline. In fact, in July, we saw about 70,000-90,000 mt of UCO going out of China into the US, beating shipments to the EU.

What are the main trade barriers that the UCO supply chain has to navigate right now?

I would say the change in policies in the US. For our US buyers, it is difficult for them to predict the next step or the next policy that is going to change, compared to our buyers in Europe and Asia, where the policy is the same. At least we have this side of demand that is permanent and that we can count on.

While policy uncertainty is playing a big role in buying decisions in the US, it doesn't affect other regions' buying mandates.

In terms of prices, how do you see the situation evolving, especially in the coming months?

I think, currently, the prices in China are about \$1,140/mt to \$1,160/mt. I think Malaysia is also around that. I think when it comes to it, in Europe, there's no difference. But for US buyers, the country-wise tariffs will decide the final price.

So even though Chinese UCO is cheaper than, let's say, Malaysian UCO, they would rather buy from Malaysia than China due to the tariff differential. I think it's a balance that we have to find somewhere, because now, it's not only about the prices, but it's also about the duties that they have to pay, production costs, carbon intensity values of the end product and greenhouse gas savings.

Typically, if the UCO price exceeds the price of UCOME (biodiesel made from UCO), we see buyers dropping off.

Looking at road, aviation and marine fuels, which is the biggest demand center for you?

Road transport and SAF are still the largest buyers for our UCO. Biobunker buyers need to buy UCOME to mix in their conventional fuel -- at least in Singapore. So yes, that's why the main buyers are still going to be the road users as well as the SAF producers.

What are the big challenges when it comes to building UCO supply chains?

We started in 2017, when we were collecting a few hundred metric tons per month. As we scaled, the most difficult thing was to make sure that the vendor did not mix water or other adulterants into the used cooking oil.

But the real issue was that there was very little awareness around used cooking oil. Most small food business owners would just throw it down the drain. So we had to educate them and tell them like, "Hey, this is sustainable. By us taking the UCO off your hands for a token sum, you can save the environment." That was mainly the challenge when we first started.

Now, people are more aware of UCO and there is a lot of new operators. They try to offer a higher price for the UCO and our vendors will just go to them, so I think that's another challenge. But I think throughout the years, we have managed to prove to our vendors that we are here to stay, our payment is prompt and all that. Building that trust and relationship takes time.

Looking beyond the tariff uncertainty of 2025, what will be the main influencers of UCO trade flows in 2026?

In the US, the Environmental Protection Agency has proposed to have the renewable volume obligation increased by 8% by next year. The proposed 2026 RVO includes 7.12 billion biobased diesel RINS -- projected to be 21.2 billion liters (about 21.2 million mt) of biobased diesel. On June 18, the Senate Finance Committee allowed a discount of 20% of credit for foreign feedstock effective after Dec. 31.


Looking at all these mandates and policies, I expect the demand for UCO will be very robust in the rest of this year, and this will continue to 2026 and 2027.

And what about demand outside of the US market?

Right now, we see a lot of demand in Europe as well because of the SAF mandate. I think next year, there will be a few SAF plants coming up as well in Q2 in Europe. In Malaysia, we have Ecoceres, which is looking to start running its SAF plant in Q4 of this year. So, we do see this kind of diversification geographically.

New demand centers are propping up in China as well. As a lot of Chinese SAF plants start operations, they will be absorbing bigger chunks of their domestic UCO supplies rather than exporting out. By 2027-2028, there will be new SAF plants coming up from Japan.

I think as SAF markets develop, there is going to be very robust demand for used cooking oil, not only from the US and Europe, but also from Asia itself.



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