



**UK Industry – Verification Report  
Cases TD0004 and TS0005: Biodiesel originating in the  
United States of America and consigned from Canada**

**Date:**

**Company verified:**

**Verification meeting dates:**

## Contents

<b>SECTION A: Background</b> .....	<b>4</b>
A1. Background.....	4
A2. Meeting details.....	5
<b>SECTION B: UK industry</b> .....	<b>7</b>
B1. Like goods.....	7
B2. Conclusion on the UK industry .....	9
<b>SECTION C: Verification of sales data</b> .....	<b>10</b>
C1. Sales policies .....	10
C2. Level of trade and related customers .....	10
C3. Verification of sales data to financial documents .....	10
C4. Verification of sales data to source documents .....	12
C5. Conclusion on verification of sales data .....	13
<b>SECTION D: Injury and market trends</b> .....	<b>15</b>
D1. The current state of the UK industry.....	15
D2. Other causes of injury .....	21
D3. Conclusion on injury and market trends .....	21
<b>SECTION E: Annexes</b> .....	<b>23</b>

## Tables

<b>Table number</b>	<b>Table reference</b>	<b>Page number</b>
1	Unit price calculations per blend including duty paid	14
2	Argent domestic sales of the like goods in the POI	15
3	Domestic sales from financial statements	15
4	Argent export sales of the like goods in the POI	16
5	Export sales from financial statements	16
6	Argent profits in the POI	17
7	Profit margins from financial statements	17
8	Argent utilisation of capacity in the POI	18
9	Argent productivity in the POI	19
10	Argent employment in the POI	19
11	Total number of employees from financial statements	19
12	Argent wages in the POI	20
13	Argent inventories in the POI	20
14	Value of finished products stocks at year end from financial accounts	21

## SECTION A: Background

### A1. Background

On 12 August 2020, the TRA initiated a transition review of measures in relation to biodiesel originating in the United States of America and consigned from Canada ('goods subject to review').

The TRA is carrying out a transition review of each trade remedy measure active under the European Union (EU) system that the UK transitioned following the exit from the EU.

#### **The UK's trade remedies function – TRID and the TRA**

Please note that until 1 June 2021, the UK's trade remedies investigations functions were carried out under the name of the Trade Remedies Investigation Directorate (TRID) of the UK's Department for International Trade. On 1 June 2021, the TRA was formally and legally established as the Trade Remedies Authority (TRA), an independent arm's-length body of the Department for International Trade. For clarity, within this document, we will use the name Trade Remedies Authority (TRA) to cover all our activities associated with this transition review, both before and after our establishment as the TRA.

More information about the case can be found on the public files for these investigations:

[Case TD0004 Public File](#)

[Case TS0005 Public File](#)

The Period of Investigation (POI) lasted from 1 July 2019 to 30 Jun 2020.

Argent Energy Holdings Limited (Argent), a domestic producer of the like goods, was sent out a questionnaire by the TRA. They responded with a completed domestic producer questionnaire ("questionnaire"). The TRA has sought to verify the data submitted.

The Covid-19 pandemic affected the TRA's ability to conduct site visits and verify the data in person. All verification activity with Argent took place remotely, via emails and video conferencing.

Following the completion of verification, it became apparent that the specific wording for the transition of the case was not complete. Detailed below is the amended wording for clarity:

#### **Category 1 Goods**

Fatty-acid mono-alkyl esters or paraffinic gasoil obtained from synthesis or hydro-treatment, of non-fossil origin, commonly known as 'biodiesel', in a blend containing by weight more than 20% fatty-acid mono-alkyl esters or paraffinic gasoil obtained

NON-CONFIDENTIAL

OFFICIAL

from synthesis or hydro-treatment, of non-fossil origin, originating in the United States of America and consigned from Canada.

AND

### Category 2 goods

Fatty-acid mono-alkyl esters or paraffinic gasoil obtained from synthesis or hydro-treatment, of non-fossil origin, commonly known as 'biodiesel', in a blend containing by weight 20% or less of fatty-acid mono-alkyl esters or paraffinic gasoil obtained from synthesis or hydro-treatment, of non-fossil origin, originating in the United States of America.

## A2. Meeting details

The case team held three meetings with Argent and their representatives – all meetings were held via MS Teams.

<b>Company name:</b>	Argent Energy
<b>Venue:</b>	Virtual meeting via Microsoft Teams
<b>Meeting dates:</b>	28 <sup>th</sup> – 30 <sup>th</sup> April 2021

The following attended at least one of the three meetings:

Organisation	Name – Title
Argent Energy	(CONFIDENTIAL DATA)
TRA	Thomas Westlake- Lead Investigator
	Oliver Curl- Lead Investigator
	Simon Macleay- Head of Investigations
	Jonathon Simons- Investigator
	Alexandra Donaldson- Verification Advisor
	Margaret Shittu- Verification Advisor
	Michael Kearns- Economist

**28 April 2021** – TRA and Argent initial verification discussion about Argent's supply chain and accounting system.

**29 April 2021** – Meeting to discuss Argent's sales and purchases verification.

**30 April 2021** – Meeting to discuss injury factors and EIT verification.

### **A3. Company background**

The TRA reviewed the company structure, comparing the public data from Companies House, Argent website data and company accounts with the questionnaire response of Argent Energy Holdings Limited (Argent). The information the company provided in its questionnaire response about companies in the same group and any other associated parties has been verified back to Companies House.

Production in the UK is carried out in Motherwell by Argent Energy (UK) Ltd and at Stanlow by Argent Energy Ltd.

Argent is owned by a holding company called Argent Energy Holdings Limited, which owns Argent Energy (UK) Ltd and Argent Energy Ltd, as well as the Amsterdam production facility called Argent Energy Netherlands.

The holding company is ultimately owned by John Swire & Sons Limited, via John Swire & Sons (Green Investments) Ltd. The financial relationship between John Swire & Sons Limited and Argent Energy Holdings Limited has been verified by examining an intercompany loan agreement between the two parties and examining the company ownership structure on Companies House.

Following these verification activities, the TRA is satisfied regarding the ownership and structure of Argent.

## SECTION B: UK industry

### B1. Like goods

Argent state the goods they produce have characteristics similar to those of the goods subject to review. The TRA has considered this and has reviewed the domestically produced goods to determine if they are 'like goods' according to the criteria detailed in the subsequent sub-sections.

In the questionnaires, the TRA set out a Product Control Number (PCN) structure that allowed Argent to specify details of the products in terms of Cold Filter Plugging Point (CFPP), type and form. Argent submitted their domestic sales listing for the POI and provided the PCNs for each sale as requested.

When completing the questionnaire Argent identified one product, originally labelled as P 2 P but later including the CFPP temperature P11 2P. Recognised by Argent as B100 biodiesel, also known as FAME (Fatty-acid mono-alkyl esters).

Using the company website, the TRA noted that blends of biodiesel were also advertised.

From the public facing website, Argent advertised sales of biodiesel in the following grades, B100 (pure biodiesel), B30 blend with mineral diesel, B20 blend with mineral diesel and B7 which they referred to as Ultra Low Sulphur diesel.

During verification Argent confirmed that it sold B100, B24-30, B14-20, B10 and B7 in the period of investigation. Argent confirmed that they had not included the blended biodiesel sales in their questionnaire response.

Argent was satisfied that B100 (P11 2P) fitted within the description of goods subject to review.

The TRA is satisfied that the correct goods have been included in the data set that the TRA need to verify.

#### **B1.1- Product properties**

Biodiesel is a liquid combustible fuel, translucent in appearance, and holds a yellow hue. The fuel can be used as a drop in fuel or blended with mineral diesel.

For use in the UK, biodiesel needs to meet the European standard EN14214. Argent's biodiesel fuel meets the European standard EN14214 as well as the British Standard BS16709.

The chemical properties of Biodiesel are dependent upon the feedstock used and the process used to produce the fuel. Argent use a number of different base products, from tallow, used cooking oil, food waste, trap grease etc. to produce their biodiesel, but predominantly use Category 1 Tallow. In using a waste (used) product

there are greater greenhouse gas savings than using a virgin product. Argent then use a process of transesterification to process the feedstock into biodiesel.

### **B1.2- Commercial properties**

Argent produces a FAME biodiesel in the form of pure, 100% biodiesel as well as a blended product. All biodiesel imported or produced in the UK is either sold in a blended form to forecourts, or to haulage/public service companies in either a blended or concentrated form. Within the UK regulated market there is incentive to produce biodiesel from waste products as it becomes eligible for a double counting certificate from the RTFO (Renewable Transport Fuel Obligation). Argent's products are produced from waste feedstocks, so they are all eligible for the double counting certificates. The double counted products hold a premium over single counted products.

While the UK production is based largely on the transesterification of a used product for better greenhouse gas savings, it competes against all types of biodiesels in the UK and the world market.

The value/pricing of the biodiesel produced is affected by the double counting certificate the fuel is awarded or in European jurisdictions the greenhouse gas savings the fuel makes over mineral diesel. The price is also affected by the CFPP (cold filter plugging point) which is the temperature at which the biodiesel clogs. The lower the temperature, the higher the value, particularly in the winter months.

### **B1.3 - Functionality**

Biodiesel is a product that replaces fossil diesel/mineral diesel with the overall aim of lowering greenhouse gas emissions. The way biodiesel is made differs, but the end aim of the good is the same: to replace either 100% or a percentage (in the case of B24-30, 24-30%) of mineral diesel burned in a variety of platforms (vehicles, combustion engines, boilers) with biodiesel, reducing greenhouse gas emissions. Argent produce goods B7, B10, B14-20, B24-30 and B100 that meet the European quality standard for biodiesel namely EN14214 and are considered a double counted biofuel for the Department of Transport's RFTC scheme. Both UK produced biodiesel and imported biodiesel have the same end aim, to comply with regulations to reduce greenhouse gas emissions in road fuel and other uses.

### **B1.4 - Production similarities**

Argent produces their biodiesel using a process called "Transesterification". Unlike other UK producers Argent distil the biodiesel after double transesterification (CONFIDENTIAL).



NON-CONFIDENTIAL

OFFICIAL

The fuel produced using the double transesterification process is a fatty acid methyl ester, known as FAME. Argent have stated FAME is frequently, but not always, sub-categorised according to the type of feedstock used. FAME made from tallow may be called Tallow Methyl Ester (TME), FAME made from rapeseed oil may be called RME, FAME made from palm oil may be called PME, and FAME made from used cooking oil may be called UCOME. They are all fundamentally EN14214 biodiesel but with some differing characteristics of the specification. The vast bulk of Argent's production is from tallow and therefore called TME.

We have not had details from the US exporters or trade associations on the production process in the USA. The TRA is aware that diesel of non-mineral origin is produced in the USA using transesterification and via hydro treating, gasification, pyrolysis and other chemical processes. The US department of Energy detail the [methods](#) used within the USA of making the different fuels.

While we are not able to make direct comparisons, the TRA accept that the production methods of biodiesel and types feedstock vary within the industry.

## **B2. Conclusion on the UK industry**

The TRA is satisfied that the biodiesel produced and sold by Argent as B100 (P11 2P) form the like goods, subject to review. The TRA is also satisfied that the data represents the like goods produced in the UK by Argent and that there is an existing UK industry.

## SECTION C: Verification of sales data

### C1. Sales policies

Argent provided the TRA with a complete sales listing of their domestic and export sales of the like goods for the POI.

The TRA discussed sales processes with Argent to get a better understanding for verification. Major policy points which were considered during the verification process include:

- Order creation and fulfilment
- Delivery and payment terms:
- Trade to customers and brokers
- Sales records

### C2. Level of trade and related customers

The TRA reviewed the transaction-by-transaction listings for associated parties provided in the questionnaire. There were no associated parties identified by Argent.

Through Companies House, the TRA reviewed those companies which current Argent Energy Holdings UK directors also have interest in and found no associations which were related to sales transactions. We also did not identify any potential associations when we reviewed the customer list. In addition, (CONFIDENTIAL). Whilst not an associated party, the TRA recognised that they may fall within the definition and clarified the relationship through downwards verification. Downwards verification is the process of verifying questionnaire sales and cost data by confirming whether it is consistent with the interested party's source documentation such as sales contracts and invoices.

### C3. Verification of sales data to financial documents

During the verification process, the TRA performed a basic upwards verification to confirm the completeness of the total data set. Upwards verification is the process of verifying submitted questionnaire information by reconciling the totals of a set of data to the interested party's audited financial statements. This included:

- calculating sales for the POI as per the trial balances compared to the same figure reported by Argent in their questionnaire annex;
- confirming that the transaction by transaction figures for domestic sales matched the equivalent figures reported in the Argent upwards reconciliation questionnaire annex and matching this to Argent's financial data.
- comparing the financial statement figures to the audited accounts for 2019;

- comparing the management accounts for the POI, trial balances for the financial period and the audited accounts for 2019 (income statement).
- comparing general ledgers to the management accounts

### **C3.1- Findings**

There was a discrepancy between the trial balance sales figures and the management accounts. Following examination, the TRA identified this was due to the intercompany sales being included in the trial balance figures. Taking this into account together with the end of year adjustments, the difference between the trial balances and the management accounts (CONFIDENTIAL) year-end revenue recognition. Following this explanation and provision of the statutory accounts, the TRA was satisfied with Argent's reasoning behind the variance.

Therefore, TRA is satisfied that the data set reflects the POI management account figures and can be used for verification.

The figures in the transaction figures for domestic and export sales did not match the equivalent figures in the upwards sales reconciliation annex in the questionnaire. There was (CONFIDENTIAL) of the figures. Argent explained that the information provided in the transaction-by-transaction listing (CONFIDENTIAL). Argent provided the source documentation for the data (CONFIDENTIAL). Following this explanation and examination of the source documentation, the TRA was satisfied with the explanation for the difference. Following this, the total sales figure was calculated using (CONFIDENTIAL) from the upwards verification data and adding in the static sales data to the other companies.

The total sales figure from the upwards verification for B100 sales was compared against the trial balances, management accounts and the audited accounts from 2019. The total sales figure was found to be reasonable following these comparisons.

During verification, we compared the sale of like goods for the POI with the management accounts and trial balance. We noted that Argent had included service revenue, revenue – others, and revenue from feedstock and other sales in the sales revenue of the like goods. Therefore, we asked for general ledger accounts relating to those revenue heads for verification.

Those three general ledger accounts were examined and compared against the management accounts. The ledgers were found to be consistent to the management accounts and the transactions in the ledgers did (CONFIDENTIAL) so therefore were not considered to have a significant impact on the investigation as (CONFIDENTIAL) sales transactions listed. Using revenue and cost of sales figures from Argent's trial balances, a gross profit was calculated for the POI and compared against the profit margin provided in the questionnaire annex. The profit margin in the questionnaire annex was found to be reasonable following this comparison. Following this, the

NON-CONFIDENTIAL

OFFICIAL

profit margin was also compared to the gross profit margins from Argent's financial statements from 2016-2019. The profit for the POI was consistent with previous patterns from the financial statements and can be found to be reasonable following this comparison.

Based on the findings above, the TRA is assured that it is reasonable to treat the data provided as complete, relevant, and accurate.

#### **C4. Verification of sales data to source documents**

In the domestic sales annex, Argent provided sales contracts for B100 sales as their detailed transaction by transaction data. During our first meeting, we requested and received a breakdown by invoice of each sales contract which we were able to reconcile back to the sales annex. This revised information was used for transaction selection. To check that the data submitted by Argent was a true reflection of sales for the POI, a sample of 15 transactions were selected.

The transactions selected can be found in Annex C4.

The TRA asked Argent to provide the following documents for each selected transaction:

- contracts or general customer agreements (that include general T&Cs, rebate conditions, payment/credit terms etc);
- proof of receipt of payment;
- sales invoices;
- weighbridge tickets (proof of shipping);

The accuracy of the sales data was assessed by verifying the information submitted against the source documents while considering the process information mentioned above.

##### **C4.1- Findings**

The TRA sought to check that sales information in Argent's questionnaire (and corresponding annex) submissions corresponded with the source documentation.

The TRA received:

- contracts or general customer agreements (that include general T&Cs, rebate conditions, payment/credit terms etc);
- proof of receipt of payment (the TRA agreed that the (CONFIDENTIAL) would be sufficient since banking records were only available for the prior 12 months and not for the POI);
- sales invoices;

- weighbridge tickets (the TRA agreed that the weighbridge tickets would be provided for 3 invoice transactions due to the volumes involved and resourcing);

Using this source documentation, we carried out checks to verify the information provided in the questionnaire response which included:

- comparing sales invoices with transaction listing;
- checking the source documents matched the details given in the questionnaire transaction by transaction sales listing in terms of:
  - price;
  - date;
  - customer name and number;
  - product specification;
  - quantities (weights).

For each transaction, the TRA was able to:

- Verify that the invoice price and date matched the figures provided in the sampled sales listing.
- Confirmed payment of invoices.
- Check customer information was correctly recorded.

For the transactions which the provided weighbridge tickets related to, the TRA were able to:

- Check the sampled weighbridge tickets were consistent with their matching invoices and other documents. The tickets were not signed. Argent explained that the signed weighbridge tickets were not digitalised, and it would take considerable time and effort to obtain them. With the considerations of completing the verification in a timely manner, the constraints of the remote verification and not wanting to unnecessarily burden Argent, the TRA were satisfied using the unsigned weighbridge tickets to verify the invoices.

In 15 out of 15 transactions selected, the TRA identified that the contract price was different to the final invoice price. This was due to contracts having tolerances where buyers could alter their biodiesel order after a contract has been agreed. The TRA is satisfied that this explanation required no further verification and is in line with industry standards.

## **C5. Conclusion on verification of sales data**

NON-CONFIDENTIAL

OFFICIAL

Based on the findings from this verification, the TRA did not exclude any sales transactions. This process has given the TRA assurance that it is reasonable to treat the data provided following verification as complete, relevant, and accurate.

The table below outlines the TRA's calculations of prices that will be used as an indicative UK market price based on Argent's sales data. This is calculated at the Ex works (EXW) level and is the price inclusive of discounts and rebates.

**Table 1: Unit price calculations per blend including duty paid**

<b>PC N</b>	<b>Blend</b>	<b>Value (£)</b>	<b>Volume (MT)</b>	<b>Unit Price (£/MT)</b>
P11 2P	B100 excl. UK duty	(CONFIDENTIAL)	(CONFIDENTIAL)	(CONFIDENTIAL)

## SECTION D: Injury and market trends

### D1. The current state of the UK industry

The data used in this section of the report comes from the questionnaire response and corresponding injury annex submitted by Argent. To understand the state of the UK industry and likelihood of injury occurring if the measures were no longer applied, we sought to verify the data submitted and met with Argent to discuss the injury factors and future trends associated with them. Argent did not provide data for 2016, 2017 or 2018 and only provided data for the POI. This was due to Argent changing their system which made them unable to retrieve this data. Where practical, the TRA have included the injury period data from the financial statements to provide additional assurance as to the POI figures and to provide an indication of the trends.

#### D1.1- Domestic sales

***Table 2: Argent domestic sales of the like goods in the POI***

Annex data	POI
Domestic sales by volume (MT)	(CONFIDENTIAL)
Domestic sales by value (£000)	(CONFIDENTIAL)

The table following reflects the domestic sales across the injury period as per the statutory accounts. Whilst this includes blended fuels which impacts the total figures, since the main activity is the production of biodiesel, this table demonstrates the trend of increased biodiesel sales from 2016-2019 which falls in line with increased RTFO mandates for biodiesel in this time period.

***Table 3: Domestic sales from financial statements***

Domestic sales from financial statements (£000)	2016	2017	2018	2019
Motherwell	(CONFIDENTIAL)			
Stanlow				
<b>Total</b>				

NON-CONFIDENTIAL

OFFICIAL

**D1.2 - Export sales****Table 4: Argent export sales of the like goods in the POI**

<b>Annex data</b>	<b>POI</b>
Export sales by volume (MT)	(CONFIDENTIAL)
Export sales by value (£000)	(CONFIDENTIAL)

Table 5 reflects the export sales across the injury period as per the statutory accounts.

**Table 5: Export sales from financial statements**

Export sales from financial statements (£000)	2016	2017	2018	2019
Motherwell	(CONFIDENTIAL)			
Stanlow				
<b>Total</b>				

**D1.3 - Profits**



NON-CONFIDENTIAL

OFFICIAL

**Table 6: Argent profits in the POI**

<b>Annex data</b>	<b>POI</b>
Total net operating profit after tax (NOPAT) for whole company (£)	(CONFIDENTIAL)
Net operating profit after tax (NOPAT) from like goods (£)	(CONFIDENTIAL)
Average net operating profit after tax (NOPAT) margin of like goods (%)	(CONFIDENTIAL)

**Table 7: Profit margins from financial statements**

Profit margins from financial statements (%)	2016	2017	2018	2019
Motherwell			(CONFIDENTIAL)	
Stanlow			(CONFIDENTIAL)	

To verify this, the financial statements and trial balances have been cross examined. Considering the previous profit margins from the financial statements and the potential impact of COVID-19 on the 2020 financial statement, the NOPAT figure of (CONFIDENTIAL) was found to be reasonable. The outlier profit amount of (CONFIDENTIAL) is due to the Stanlow plant starting its operations in 2016 and having an exceptionally low turnover in that year.

During the verification process, it was clarified that Argent is (CONFIDENTIAL) the current situation.

#### **D1.4 - Utilisation of capacity**

**Table 8: Argent utilisation of capacity in the POI**

NON-CONFIDENTIAL

OFFICIAL

	<b>POI</b>
Production capacity for like goods (MT)	(CONFIDENTIAL)
Production capacity utilisation for like goods (%)	(CONFIDENTIAL)

Argent agreed that the utilisation of capacity data provided in the injury annex was incorrect. Argent provided the TRA with source documentation relating to the production of the production plants. The production figure of the Motherwell plant was calculated to be (CONFIDENTIAL) mT and the production figure was calculated to be (CONFIDENTIAL) mT for Stanlow in the POI. This led to a calculated production capacity figure of (CONFIDENTIAL) mT. Since Argent run the plant continuously, the production figure is taken to be the capacity figure.

Argent stated in the verification meeting that they use a make to order system where biodiesel production demand is created by sales orders. Argent stated that they run at 100% capacity at their plants, and they cannot increase it further unless significant investment is made. The TRA were provided with source documentation detailing the contracts for the biodiesel plants and production figures which supported this statement. Following the provision of this evidence, the TRA found this to be reasonable and accepted the figure of 100% capacity.

### **D1.5 - Productivity**

**Table 9: Argent productivity in the POI**

<b>Annex data</b>	<b>POI</b>
Average output in volume per FTE employee for like goods (mT)	(CONFIDENTIAL)

Argent agreed that the productivity data provided in the injury annex was incorrect. Using the corrected production figures (as detailed in Utilisation of capacity section) and corrected employee numbers (as detailed in Employment section), the average output in volume per employee for like goods was calculated to be (CONFIDENTIAL) mT.

**D1.6 - Employment****Table 10: Argent employment in the POI**

<b>Annex data</b>	<b>POI</b>
Total number of employees (FTE)	(CONFIDENTIAL)
Number of employees for like goods (FTE)	(CONFIDENTIAL)

**Table 11: Total number of employees from financial statements**

<b>Total number of employees from financial statements</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Motherwell				(CONFIDENTIAL)
Stanlow				(CONFIDENTIAL)
Total				(CONFIDENTIAL)

During verification, the TRA requested the payroll records. From this, it was clarified that the number of (CONFIDENTIAL) employees came from using direct cost centres.

It also clarified that the total headcount was (CONFIDENTIAL) employees by Argent providing the TRA with source documentation which showed Argent's employee headcount against their employee cost centres

Following this clarification, it was agreed that the full headcount of (CONFIDENTIAL), should be used for number of employees and productivity for like goods as the production of the like good is their main activity and so all employees would be impacted as a result of measures being revoked. The trend from the financial statements of (CONFIDENTIAL) employees listed in 2019 supports that the (CONFIDENTIAL) figure is reasonable.

**D1.7 - Wages**

**Table 12: Argent wages in the POI**

<b>Annex data</b>	<b>POI</b>
Median wage for FTE engaged in activities related to the like goods (£)	(CONFIDENTIAL)

The TRA and Argent agreed that the annex figure seemed high. Based on the wage information provided, the TRA recalculated the mean wage as detailed below:

An annual wage was calculated using the staff cost figures provided by Argent during verification. This was cross referenced against the average salary calculated using the Argent management accounts.

Using the revised headcount of (CONFIDENTIAL) (as detailed in Employment section) and the salary calculated using the management accounts, a mean wage was calculated of (CONFIDENTIAL) . The TRA were unable to verify the median wage as the TRA were not provided with a detailed employee salary analysis.

### **D1.8 - Inventories**

**Table 13: Argent inventories in the POI**

<b>Annex data</b>	<b>POI</b>
Stocks at year end, total volume (mT)	(CONFIDENTIAL)
Stocks at year end, total value (£)	(CONFIDENTIAL)

The below table shows the trend over the injury period for total stock of finished goods. The figure in the above table shows the stock for B100 only and this has been reconciled back to the 2019 statutory accounts via the trial balance. Within the (CONFIDENTIAL) fuels. Since the sales of these products is dependent on biodiesel production, this table has been included to give an indication of the stock trend over the injury period.

**Table 14: Value of finished products stocks at year end from financial accounts**

Value of finished products stocks at year end from financial accounts (£000)	2016	2017	2018	2019
Motherwell	(CONFIDENTIAL)			
Stanlow	(CONFIDENTIAL)			
Total	(CONFIDENTIAL)			

The stated value of the stocks at year end was compared against the stock figures in Argent's trial balances and financial accounts.

The value of the stocks was found to be reasonable following this comparison.

### **D1.9- Investments**

Since biodiesel demand is driven by government policy, Argent have no current plans for investment since current regulatory levels are being achieved and an increase in sales is not feasible to warrant investment. In addition, shortage of waste product availability as the raw material deters large investment without increased demand through increased government intervention. Therefore, the TRA did not verify investment.

### **D2. Other causes of injury**

In their questionnaire response, Argent did not highlight any other factors that might have caused injury. They state the main cause of injury would be the pressure of low-priced imports.

When asked about the effects of EU exit, Argent explained that they have been restricted by EU regulations on the sale of tallow, a raw material of biodiesel. This has caused adverse conditions in disrupting their supply of raw materials, but it should be resolved by forthcoming regulatory agreements between the U.K and the E.U.

During our verification meetings, it was also made clear by Argent that demand for biodiesel in the U.K is limited by government policy which creates the demand through regulation. This limits Argent's ability to expand and creates a finite market where Argent would have to export to a more uncertain export market if injury were to occur.

### **D3. Conclusion on injury and market trends**

In summary:

- The TRA has verified Argent's profit margins by comparing to source documentation and data from Argent's statutory accounts.
- The TRA has verified Argent's production capacity by examining source documentation which supports Argent's explanation that their plants run at 100% capacity. The production figures were also verified as a part of this process.
- The TRA has adjusted the productivity figures and found them to be reasonable following the provision of supporting evidence of production and employee numbers.
- The TRA has verified the employee numbers by comparing provided data to the statutory accounts and obtaining source documentation which details employee headcounts and cost centres.
- The TRA verified Argent's inventory figures by comparing them against the value of their finished products data in their statutory accounts. The inventory figures were found to be reasonable following this comparison.
- The TRA has calculated a sale price of (CONFIDENTIAL) for B100 for Argent.

After completing this process, the TRA is assured that it is reasonable to treat the data provided as complete, relevant and accurate for the areas listed above.

The data that was not verified was:

- The median wage for plant employees. However, the TRA have been able to establish that it appears reasonable by calculating the mean wage.
- Argent's costs of production and the average cost of production.
- Argent's investment figures. However, Argent did provide an explanation on the nature of the expansion/ capacity related investment.
- Argent's market share.

Overall, the TRA has been able to verify the majority of the data presented by Argent giving surety for the completeness, relevance and accuracy of the data. We have adjusted data where required following examination of source documentation provided by Argent. Where data has not been verified the TRA has been able to highlight the areas (as above) and draw conclusions where possible.

## SECTION E: Annexes

Annex C4	