



Anti-Dumping/Countervailing Duties Questionnaire for interested parties/contributors Case TD0004 and TS0005: Biodiesel originating in the United States of America and consigned from Canada

Period of Investigation (POI):	1 July 2019 to 30 June 2020
Injury period:	1 July 2016 to 30 June 2020
Deadline for response:	8 th November 2020
Contact details:	Anti-dumping: TD0004@traderemedies.gov.uk Countervailing duties: TS0005@traderemedies.gov.uk
Completed on behalf of:	Gunvor International B.V., Amsterdam, Geneva Branch

When you have completed this form, indicate the **confidentiality** of this document by placing an X in the relevant box below:

- Confidential
 Non-confidential – will be made publicly available

Please note that you should provide **two copies of your response** – a **Confidential** and a **Non-confidential version**. Both copies should be returned to TRID using the Trade Remedies Service (www.trade-remedies.service.gov.uk) by 8th November 2020.

Please remember to upload this dumping and countervailing duties questionnaire to **both cases** on the Trade Remedies Service (www.trade-remedies.service.gov.uk). The Trade Remedies Investigations Directorate is investigating each case separately and you will not be able to participate in both if only one is uploaded.



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The scope of this review

Goods subject to review

This review covers biodiesel originating in the United States of America and consigned from Canada, described as:

Fatty-acid mono-alkyl esters (FAME) and/or paraffinic gasoil obtained from synthesis and/or hydro-treatment, of non-fossil origin, commonly known as biodiesel. In a pure form or in a blend containing by weight more than 20%, fatty-acid mono-alkyl esters and/or paraffinic gasoil obtained from synthesis and/or hydro-treatment, of non-fossil origin, originating in the United States of America and consigned from Canada.

These goods are currently classifiable within the following CN codes:

- 1516 20 98 (TARIC 1516 20 98 21, 1516 20 98 29, 1516 20 98 30)
- 1518 00 91 (TARIC 1518 00 91 21, 1518 00 91 29, 1518 00 91 30)
- 1518 00 99 (TARIC 1518 00 99 21, 1518 00 99 29, 1518 00 99 30)
- 2710 19 43 (TARIC 2710 19 43 21, 2710 19 43 29, 2710 19 43 30)
- 2710 19 46 (TARIC 2710 19 46 21, 2710 19 46 29, 2710 19 46 30)
- 2710 19 47 (TARIC 2710 19 47 21, 2710 19 47 29, 2710 19 47 30)
- 2710 20 11 (TARIC 2710 20 11 21, 2710 20 11 29, 2710 20 11 30)
- 2710 20 16 (TARIC 2710 20 16 21, 2710 20 16 29, 2710 20 16 30)
- 3824 99 92 (TARIC 3824 99 92 10, 3824 99 92 12, 3824 99 92 20)
- 3826 00 10 (TARIC 3826 00 10 20, 3826 00 10 29, 3826 00 10 50, 3826 00 10 59, 3826 00 10 89, 3826 00 10 99)
- 3826 00 90 (TARIC 3826 00 90 11, 3826 00 90 19, and 3826 00 90 30)

The CN codes are only given for information.



In this questionnaire, these goods will be referred to as the goods subject to review. Any reference to goods subject to review in this questionnaire refers to the goods description above, regardless of the CN code under which they are exported.

Instructions

Introduction

The Trade Remedies Investigations Directorate (TRID) of the UK's Department for International Trade will carry out a transition review of each trade remedy measure active under the EU system that the UK has decided to maintain after EU exit. Transition reviews TD004 and TS005 will consider whether the current anti-dumping and countervailing duties measures are necessary or sufficient to offset dumping/subsidisation of biodiesel originating in the United States of America and consigned from Canada and whether there would be injury to the UK industry if the measures were removed.

TRID is seeking your cooperation as a contributor to inform our investigation into whether the current anti-dumping/countervailing measures should be maintained, varied, or discontinued. The information you provide will help us to determine a fair and appropriate response.

For further information please refer to our guidance on [How we carry out transition reviews into EU measures](#).

Please refer to our online guidance on the differences between interested parties and contributors: <https://www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#interested-parties-and-contributors>

Please provide all the information requested by 8th November 2020. We may send a notice asking for clarification or supplementary information where necessary. Make sure you provide the sources for any information or data you don't own and clearly state any restrictions on sharing it.

If you don't provide the confidential information and a non-confidential summary (or a statement of reasons why you cannot provide this), we may disregard the information you give us. See below for further information about how to provide confidential and non-confidential versions.

If you can't complete the questionnaire within the required time, contact the Case Team ahead of the deadline by email at TD0004@traderemedies.gov.uk and TS0005@traderemedies.gov.uk. Explain how long an extension you need and why. We will notify you of our decision. If we can give an extension, a note to explain this will be placed on the public file.



Contact the Case Team if you have any questions about your response or if you have any difficulties in completing the questionnaire. General information about UK trade remedies processes is available at: www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process

How to complete this questionnaire

All statements should be substantiated with relevant data, information, and the sources of these. You may be asked to attach supporting documents in appendices to supplement your responses. To help us verify your information, please retain all your supporting documents, including any calculations made when developing your responses.

Please note the following points:

- If the answer to a question is 'zero', 'no', 'none' or 'not applicable', write this rather than leaving the answer blank.
- If there is not enough space in any part of the questionnaire to provide the details requested, please attach appendices. Make sure any attachments are given a corresponding appendix reference in the title of the document and that these are referenced in the boxes provided.
- Any documents not in English should be accompanied by an English translation.
- Please provide all dates in the format DD/MM/YYYY (e.g. 23/05/2019).
- For all numerical figures, where appropriate express every third digit with a comma (e.g. '1,300' for one-thousand three hundred, '1,300,000' for one million and three hundred thousand).
- Limit all sales/currency/income figures to two decimal places and use the appropriate currency symbol (e.g. £1,300.00).
- Provide all costing figures as actual amounts. Where actual amounts cannot be provided and you have reported standard costing instead, indicate this in the relevant answer and explain the variance from actual costs, if any.
- All financial figures should be reported net of tax unless otherwise stated.

Preparing confidential and non-confidential copies of your information

You will need to submit one confidential version and one non-confidential version of your questionnaire by the deadline. **Please ensure that each page of information you provide is clearly marked either "Confidential" or "Non-Confidential" in the header.** It is your responsibility to ensure that the non-confidential version does not contain any confidential information.

Further information on what can be considered confidential and how to prepare a non-confidential version of this questionnaire is available at:

<https://www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#how-we-handle-confidential-information>



All information provided to TRID in confidence will be treated accordingly and only used for this investigation (except in limited circumstance as permitted by regulation 46 of the *Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019*) and will be stored in protected systems. The non-confidential version of your submission will be placed on the public file, which is available on www.trade-remedies.service.gov.uk/public/cases.

What happens next

Upload your completed questionnaire responses and non-confidential versions of documents to our Trade Remedies Service at www.trade-remedies.service.gov.uk. You will receive an email confirming the documents have been uploaded successfully. Non-confidential responses will be placed on the public file and the Case Team will contact you if further information is required. We may contact you to arrange a visit to verify the information contained in your responses.

Once we have assessed whether measures are needed, in some cases we will submit a provisional affirmative determination. This will contain our recommendation to the Secretary of State about whether to request a guarantee from importers to cover the duty amount they would incur if measures were finalised.

Before publishing a final determination, we will publish a Statement of Essential Facts setting out the detailed reasoning of how we came to our decision. Interested parties will have the opportunity to provide comments and submissions on this. After considering these we will publish a final determination that sets out our final recommendation of measures to the Secretary of State.

Further information on this process is available at:
www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#determinations-and-conclusion-of-investigations



SECTION A: About these cases

A1 General information

1. Please complete the table below. Make sure the point of contact you name has the authority to provide this information.

Name (point of contact):	[Confidential]
Address:	[Confidential]
Telephone No:	[Confidential]
Email:	[Confidential]
Website:	www.vbb.com

If you are representing a company, please also fill in the information below:

Company registration number:	CHE-113.771.509
Place of registration:	Rue du Rhône 80-84, 1204 Genève, Switzerland
Legal name of organisation:	Gunvor International B.V., Amsterdam, succursale de Genève
Legal structure (e.g. limited company, sole trader, partnership etc):	0111 - Swiss branch with headquarters abroad and entry in the commercial register in CH
Position in the organisation:	External counsel
Year of establishment:	2000
Other operating names:	

2. Please explain your interest in transition reviews TD004 and TS005.

Gunvor Group is one of the world's largest independent commodities traders. Gunvor sold [Confidential] of like product into the UK market during the period of investigation. Gunvor would therefore look forward to serving US clients exporting to the United Kingdom if the duties were removed or lowered to allow for such exports to take place.



A2 Information about these reviews

For each question, please give any information you feel is relevant to the reviews. If you have no information, please say so in your answer. These transition reviews will consider whether the current anti-dumping/countervailing measures are necessary or sufficient to offset dumping/subsidisation and whether there would be injury to the UK industry if the measures were removed.

1. Please provide any information about the goods subject to review that you consider relevant.

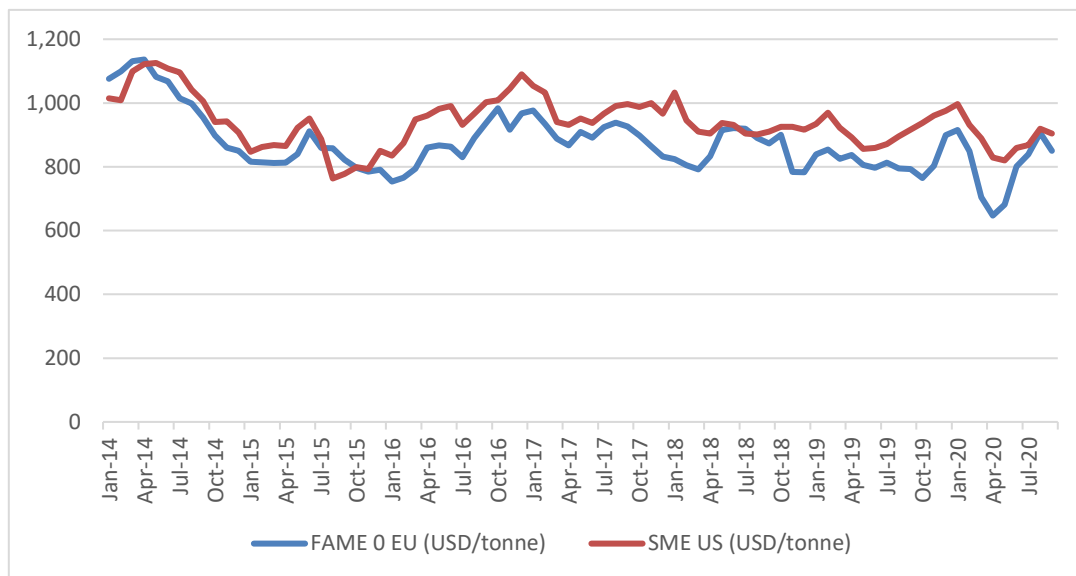
For the sake of good order, please note that in our registration questionnaire, we had indicated sales of **[Confidential]** to the UK during the POI. We subsequently discovered that **[Confidential]** concerned shipments to ports in **[Confidential]**. Thus, the actual number of sales to the UK during the POI was **[Confidential]**.

2. Provide any information which you think could help us assess the likelihood of dumping occurring if the existing anti-dumping/countervailing measures for the goods subject to review no longer applied.



Prices on the EU and US markets

In light of the absence of actual US imports of biodiesel into the United Kingdom, Gunvor believes that indicative evidence can be obtained from comparing market prices in the United States and those on the EU market. Comparing prices of soybean methyl ester ("SME") in the United States (FOB Ohio, Illinois and Indiana), which is the main biodiesel product produced in the United States, with prices of FAME 0 on the EU market shows that US prices follow a similar trend to prices in the European Union. While there are no reference prices published for SME in the EU, SME has a cold filter plug-in point (CFPP) close to zero and is therefore comparable to FAME 0 prices.



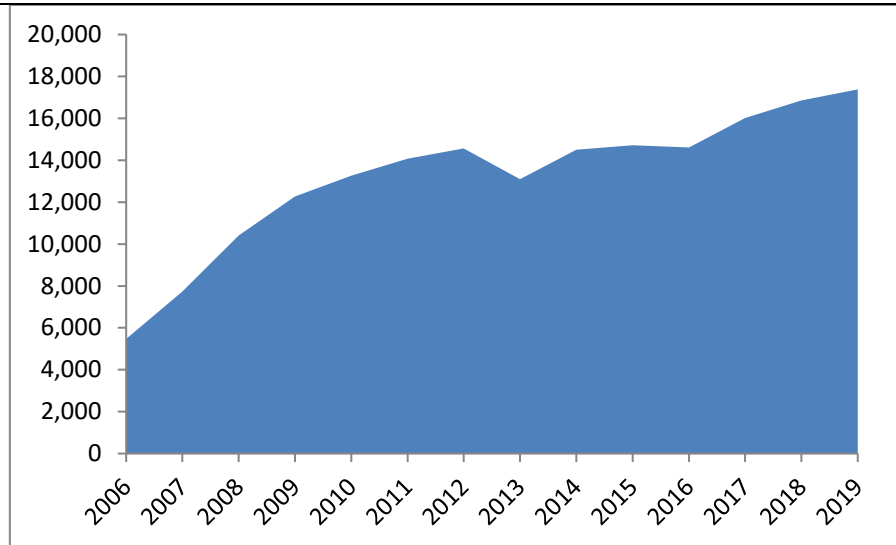
[Prices in USD/tonne of FAME 0 in the EU and SME in the US. Data and sources presented in Annex 1.]

Given the similarity in price as well as trends over the last six years, there is no reason to assume that US producers would engage in dumping on the UK market.

Furthermore, as explained in response to question 3 below, there is not sufficient spare capacity in the United States for US producers to be able to flood the UK market and drive down prices in this way. Furthermore, in case US producers thought this would be a viable strategy, they would already have produced and sold those amounts at a lower price on their domestic market.

Dumping margins in the original investigation

In the original EU investigation, prices of US imports were found to be 463 euro per tonne in 2004, rising to 615 euro per tonne during the investigation period (Table 7, Definitive Regulation, available [here](#)). However, these prices derive from when the biofuel market was still in its infancy. The market has matured since then, as can be seen from the significant growth in EU HVO and FAME consumption in the graph below.



[Million litres of FAME and HVO consumption in the European Union 2006-2019 in million litres, USDA GAIN Reports, European Union, [link.](#)]

Furthermore, low prices in the original investigation (1 April 2007 to 31 March 2018) were influenced by a weak US dollar, which have subsequently increased (especially since 2015).



[ECB EUR to USD reference rates, 1 January 2007 to 1 June 2020, available [here.](#)]

Gunvor therefore requests the Trade Defence Investigations Directorate to assess the most recent data available, rather than relying on the data from the original investigation. The data from the original investigation is clearly outdated and does not reflect current market realities.

3. Do you think there would be injury to the UK industry if the existing anti-dumping/countervailing measures for the goods subject to review no longer applied? Provide any information supporting your conclusions including what



the cause of this injury would be. You can refer to our [guidance on how we assess injury](#) for a definition of injury.

In order to assess the likelihood of injury to the United Kingdom's domestic industry, the following aspects are examined: UK market conditions and the UK's regulatory framework, UK diesel and biodiesel consumption, US and Canadian export capacity, and the prices of US and Canadian exports.

UK market conditions differ from those in the European Union

Gunvor wishes to emphasise that the United Kingdom should not merely transcribe the duties as they have been applied to the European Union. The functioning of the UK market for biodiesel is radically different from the biodiesel market in the European Union.

First, in contrast to the European Union, the United Kingdom is a large net importer of biodiesel. In 2018, the UK Government radically increased blending mandates in transport fuel from around 5% at the beginning of that year to around 11% in 2020, and these will continue to increase incrementally to around 14% in 2032 [Article 4(6C) of the Renewable Transport Fuel Obligations Order 2007]. As a result of these mandates, in 2018 the United Kingdom consumed around 1.138 billion litres of biodiesel, representing a 63% increase over the previous year. [UK Government, Digest of Energy Statistics 2019, p. 121, available [here](#)]. In 2019 consumption increased by another 40% to 1,598 million litres of biodiesel [UK Government, Digest of Energy Statistics 2020, p. 119, available [here](#)]. 573 million litres of biodiesel were domestically produced whereas 1.339 billion litres of biodiesel were imported from the rest of the European Union or from other countries. [UK Government, Digest of Energy Statistics 2020, p. 119, available [here](#)]. Based on the origin of feedstock, used cooking oil from China accounted for the largest share of biodiesel imported or produced in the UK (32%). [UK Government, Renewable fuel statistics 2019: Fifth provisional report, and Table RF_0105, available [here](#)]. There is thus a significant shortage of the biofuels in the UK market that will have to be covered by imports.

The position of the European Union is different in this regard. Domestic production capacity is much higher relative to demand, and the European Union has long needed to protect ailing biodiesel producers in continental Europe, such as Saipol in France and Verbio in Germany. These companies have been the leading producers behind the complaints put forward by the European Biodiesel Board against imports of biodiesel into the European Union.

Second, the United Kingdom limited the contribution of crop-based biofuel to 4% of the share of renewable energy in transport during 2018-2020, and this is being reduced incrementally to 2% by 2032 [Article 21A of the Renewable Transport Fuel Obligations Order 2007]. This is much lower than the limitation of 7% applicable to EU Member States [Article 26(1) of the Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast)]. This means that crop-based biofuels can only compete for a small share of the UK market. US and Canadian export capacity must thus be evaluated in light of these restrictions, which are specific to the UK market.

Estimating UK consumption

UK consumption of diesel and biodiesel was estimated at 30 billion litres in 2019 [UK Government, Digest of Energy Statistics 2020, p. 62, available [here](#)]. In 2021, the cap on crop-based biofuels as a share of total diesel consumption will already have fallen to 3.83%. In volume terms, therefore, presuming that diesel consumption does not further increase, it can be estimated that around 1.15 billion litres of crop-based biodiesel will be possible to export to the United Kingdom. At the same time, the remaining part of the 11.24% UK blending target for 2021 (7.41%), would have to be supplied from non-crop-based biofuels, such as biodiesel produced from recycled cooking oil or other types of waste products (i.e. "advanced biofuels"). Given that such biofuels can be counted twice towards the blending target, this implies around 1.11 billion litres of total consumption of advanced biofuels.



Estimating US and Canadian export capacity

In 2019, annual US production capacity was around 9.6 billion litres of biodiesel, and domestic production and sales around 6.5 billion litres of biodiesel [see Annex 2 for calculation and sources]. This leaves 3.1 billion litres of spare capacity, presuming full capacity utilisation. However, most of this capacity is likely to be crop-based biodiesel, for which UK import capacity in the UK will be capped at about 1.15 billion litres. Indeed, analysis of feedstock data from 2019 suggests that 81% of the oil used to produce US biodiesel in 2019 was derived from crops (vegetable oil, mostly soybean), and 19% was produced from recycled and waste products [see Annex 2 for calculation and sources]. Of the 3.1 billion litres spare capacity of US biodiesel production in 2019, only about 590,000 million would therefore likely to be biodiesel produced from waste and recycled products that can compete with domestic UK production.

We note that so far in 2020, with data available until July 2020, production in 2020 was the same as in 2019 and 2018 at this time of year, and total capacity in fact decreased in July of this year.

Gunvor notes that during the initial investigation, despite total EU biodiesel consumption of 6.6 million tonnes at the time, no more than 1.1 million tonnes (around 1.25 billion litres) of biodiesel was being imported from the United States (17% market share) [Table 1, Definitive Regulation, available [here](#)]. Subsequently, no other country has been able to export more than around 1 billion litres annually to the EU market, and EU consumption is today around 17 billion litres (see response to question 2 above). Judging from these historical import shares into the European Union, US imports into the United Kingdom can be expected to gain a market share of between 10% and 20%, i.e. at most up to around 320 million litres.

Canada is reported to be suffering a shortfall in the supply of advanced biofuels on its domestic market, and is therefore unlikely to be able to export substantial quantities of advanced biofuels [USDA GAIN Report, Canada 2020, p. 3, available [here](#)].

Lastly, Gunvor notes that biofuel mandates in most countries around the world are increasing. This will put general upward pressure on demand and reduce any risks of over-capacity in the US or elsewhere.

Prices of US exports

As noted in response to question 2 above, given the similarity in price between US SME and EU FAME 0, US exports are unlikely to lead to dumping. In addition, US exports would face freight and importation costs in the average amount of USD 25-30 per ton and a 6.5% import tariff. For this reason, US exports are unlikely to be able to undercut current prices on the EU market.

Furthermore, as already explained, the United States does not have significant spare export capacity which would be able to flood the UK market and drive down prices. At most, US biodiesel would compete with imports from the European Union and from China, which together were over 1 billion litres in 2019.

Gunvor therefore estimates that average prices of US biodiesel released for sale would be similar to or most likely higher than the price of comparable biodiesel produced in the UK and the European Union.

Conclusion

Gunvor urges the Trade Remedies Investigations Directorate to carefully analyse the structure of the UK biodiesel market and its differences compared to the EU market. In particular, the over 1 billion litres of UK imports in 2019 should be taken into account, which, if the United Kingdom is to reach its biofuel blending targets, will be even larger in the coming years.



Indeed, even when presuming 100% capacity utilisation in the United States, and in the unrealistic scenario that all spare US capacity would be exported to the United Kingdom, import volumes would still be unable to displace domestic UK production. To the contrary, competitively priced biodiesel produced in the United States would be a welcome complement to the UK's domestic production. It would help the United Kingdom reach its renewable energy targets while keeping costs down for UK consumers.

Moreover, judging from past export volumes to the EU market, at most a 20% market share (around 320 million litres) should be expected in 2021-2022. Even if the import share in the United Kingdom may be somewhat higher because of the United Kingdom's much smaller domestic production relative to EU production, imports from the United States above 400 million litres would still be far above expectations. As was also pointed out above, in most markets for biofuels, biofuel mandates are steadily increasing and reducing global capacity in relative terms.

In addition, prices of SME in the US are comparable to those on the UK market, and UK producers will obtain additional protection due to the freight cost and 6.5% conventional import tariff which would apply to US imports.

For these reasons, there would be no injury to the UK industry if the existing anti-dumping/countervailing measures for the goods subject to review no longer applied.

4. Please provide any information about the possible economic effects on the UK if the existing anti-dumping/countervailing measures on the goods subject to review were no longer applied.

As highlighted in our response to question 3 above, Gunvor does not consider that the UK domestic industry would be injured by US imports of biodiesel. To the contrary, these imports would be a welcome complement to the UK's domestic production and help the United Kingdom reach its renewable energy targets and keep costs down for UK consumers. In addition, Gunvor urges the Trade Remedies Investigations Directorate to take the following beneficial effects for the UK economy into account:

First, if the European Union and the United Kingdom do not agree to a trade agreement before the end of the transition period, European biodiesel will be subject to a 6.5% import tariff. In that case, the prices of the biodiesel imported to the UK from the EU would increase and the burden placed on UK consumers. Removing the existing anti-dumping and countervailing measures would allow to maintain a better price balance.

Second, lowering the UK imports almost all of its biodiesel from the European Union and China, and 30% of its feedstock comes from China [UK Government, Renewable fuel statistics 2019: Fifth provisional report, and Table RF_0105, available [here](#)]. The ongoing COVID pandemic has helped demonstrate the importance of diversified, international supply chains. Lifting the duties on American biodiesel would thus allow for such much needed diversification of the UK biofuel supply.

Third, a trade deal with the United States remains a post-Brexit priority for the UK Government. Offering to lower or remove the duties on American biodiesel would send the correct signals in this regard and help to pave the way for a trade deal to be achieved in 2021.



5. If you have any other information which may help us with this review, please provide it below.

Gunvor notes that the complete removal of the dumping or countervailing duties may not be necessary for sales of US biodiesel to the UK market to become possible. However, at the very least a substantial revision of current duty levels should be undertaken to reflect current market realities rather than those prevailing at the time of the original investigation. Importantly, the Trade Remedies Investigations Directorate should revise the duties to suit the unique needs of the UK market and its domestic industry. This is important in light of the United Kingdom's need to continue to import biofuel after the end of the transition period in order to reach its renewable energy targets, as well as the need to not be overly reliant on imports from only the European Union and China.



SECTION B: Next steps and declaration

Next steps

Once you have completed all parts of the questionnaire, the declaration below should be signed.

Please upload this questionnaire to both cases (TD004 and TS005) through the Trade Remedies Service (www.trade-remedies.service.gov.uk) by **8th November 2020**.

A confidential and non-confidential version of the questionnaire must be submitted. You can find guidance on how to complete confidential and non-confidential versions at www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#handling-confidential-information.

Declaration

By signing this declaration, you agree that all information supplied in this questionnaire is complete and correct to the best of your knowledge and belief and that you understand that the information you submit may be subject to verification by TRID.

Company name:

Company registration number (if applicable):

Date

Signature of authorised official

Name and title of authorised official