



Trade Remedies
Authority

Statement of Essential Facts

Case TD0004

**Transition review of anti-dumping measures applying to biodiesel originating
in the United States of America and consigned from Canada**

Contents

SECTION A: Introduction.....	3
SECTION B: Summary and Findings	5
SECTION C: Background.....	10
SECTION D: The Goods.....	15
SECTION E: The current UK industry and market.....	19
SECTION F: Necessary or Sufficient Assessment	21
SECTION G: Dumping likelihood assessment.....	22
SECTION H: Likelihood of injury assessment	46
SECTION I: Economic Interest Test.....	58
SECTION J: Preliminary findings and intended final recommendation	86
Annex 1: Duty amounts for Category 1 and 2 goods	89
Annex 2: Exception to duty on category 1 goods for specified overseas exporter	90
Annex 3: EU Anti-dumping	91
Annex 4: Definitive anti-dumping duties imposed by EC Regulation 444/2011	92
Annex 5: Information from participants in the review – UK industry	93
Annex 6: Information from participants in the review – US exporters	94
Annex 7: Information from participants in the review – Importers	95
Annex 8: Information from participants in the review – Foreign government ..	96
Annex 9: Information from participants in the review – Trade Bodies	97
Annex 10: Information from participants in the review – Contributors	98

SECTION A: Introduction

1. This section summarises the legal framework for this Statement of Essential Facts (SEF) and the Trade Remedies Authority (TRA)'s findings. The background to the review and further detail on all aspects are set out in the body of the report.
2. This statement sets out the essential facts on which the TRA has relied when providing its intended final recommendation. It should be read in conjunction with other public documents available for this case on the [public file](#).
3. Until June 2021, the UK's trade remedies investigations functions were carried out by the Trade Remedies Investigations Directorate (TRID) as part of the UK Department for International Trade (DIT). On 1 June 2021, the TRA was formally and legally established as an independent arm's-length body of the Department for International Trade. The SEF will refer to 'the TRA' to cover all of our activities associated with this transition review, both before and after our establishment as the TRA.
4. The purpose of this SEF is to inform interested parties of the essential facts established during this review and allow them to make submissions in response.
5. Interested parties are invited to make submissions in response to the SEF within 30 calendar days of this SEF, i.e. before 14th January 2022. The TRA may consider submissions made after this date, but please note that it is not obliged to do so, if it believes this would cause an unnecessary delay in preparing the final recommendation. Where we reject information for any reason, we will publish our reasons for rejection in our Final Recommendation. Registered interested parties to the case can make submissions on the Trade Remedies Service online platform (TRS). These submissions must be accompanied by a non-confidential version of the summary for the public file. In exceptional circumstances it may not be possible to summarise confidential information. If this is the case, you must provide a 'statement of reasons'.¹ Those not registered on the TRS may send submissions by email to TD0004@traderemedies.gov.uk.
6. For further guidance and information regarding transition reviews, please see our [public guidance](#).

¹ A 'statement of reasons' means a statement setting out the reasons of a person supplying information to the TRA, explaining why summarisation of confidential information is not possible, as defined under Regulation 45(6)(b) of the Trade Remedies (Dumping and Subsidisation)(EU Exit) Regulations 2019

A1. Legal Framework

7. This SEF is made pursuant to regulation 62 of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (as amended) (the Regulations). It includes:
- the recommendation that the TRA intends to make;
 - a summary of the facts considered during the transition review; and
 - details of the analysis forming the basis of the intended recommendation

A2. About this review

8. This is a transition review of a UK trade remedies measure, under regulation 97 of the Regulations. This UK measure gives effect to the European Union (EU) Commission Implementing Regulation (EU) 2015/110 of 26 January 2015.²
9. This review concerns anti-dumping measures applying to biodiesel originating in the United States of America (US) and consigned from Canada. The Notice of Initiation (NOI) was published on 12 August 2020. Due to an omission, an amended NOI was published on 27 July 2021. The scope of the measure transitioned by this review, as detailed within the amended NOI, is defined in section B2.
10. The Period of Investigation (POI) for the review was 1 July 2019 to 30 June 2020. To assess injury, we examined the period 1 July 2016 to 30 June 2020, the Injury Period (IP).

² European Union (EU) Commission Implementing Regulation (EU) 2015/110 of 26 January 2015: <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32015R0309>

SECTION B: Summary and Findings

B1. Interested Parties

11. The following interested parties provided a questionnaire response:
- Argent Energy (UK) Limited, (Argent), a domestic producer
 - Greenergy Fuels Limited, (Greenergy), a domestic producer
 - Renewable Transport Fuels Association, (RTFA), a domestic trade body
 - Valero Energy Limited, (Valero), an importer
 - Diamond Green Diesel, (DGD), a US producer
 - Gunvor International BV, (Gunvor Intl), an importer
12. Further relevant submissions were made by other producers, foreign government departments and contributors.

B2. Scope

13. As set out in the amended NOI, the scope of the transitioned measure is:

Category 1 goods (biodiesel, pure or blend, greater than 20% biodiesel content)

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.

Category 2 goods (biodiesel, blend, less than 20% biodiesel content)

Fatty-acid mono-alkyl esters or paraffinic gasoil obtained from synthesis or hydrotreatment, 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.

14. The TRA received a submission on scope from DGD requesting that biodiesel of the type described as paraffinic gas oil obtained from synthesis or hydro treatment (sometimes also referred to as “renewable diesel” or “Green diesel”

(referred to in this SEF as HVO) be removed from the scope of the transition review on the basis that FAME and HVO cannot be considered 'like' products.

15. Following receipt of these submissions, the TRA assessed the scope of the transition review under regulations 99A(2)(a)(iii) and 74 of the Regulations. This assessment included a comparison of FAME and HVO across a range of factors as part of an assessment of how alike these goods are. This assessment is set out in [Section D: The Goods](#).
16. We concluded that FAME and HVO were sufficiently similar to remain in scope for the purposes of the transition review. On this basis, the scope of the transition review was not amended.

B3. Consideration of whether the anti-dumping amount is necessary or sufficient to offset the dumping

17. Under regulation 99A(1)(a) of the Regulations, we are required to consider whether the application of the anti-dumping amount is necessary or sufficient to offset the dumping of the goods subject to review.
18. During the POI, there were low levels of imports of the goods subject to review into the UK. Due to such low levels of imports, we are unable to determine definitively whether the measure is necessary or sufficient to offset the dumping of the goods subject to review.
19. Additionally, without data from the import of the dumped goods, we do not consider it appropriate to recalculate the anti-dumping amount under regulation 99A(2)(a)(i) of the Regulations.
20. Therefore, to determine whether the measures should be varied or revoked, we have considered the likelihood that injury would occur if the measures were no longer applied, in accordance with regulation 99A(1)(b) of the Regulations.
21. Under regulations 99A(2)(a)(iii) and 70(6) of the Regulations, we have also considered the likelihood that dumping of the goods subject to review would occur if the measures were no longer applied.

B4. Likelihood of dumping assessment

22. In accordance with regulations 99A(2)(a)(iii) and 70(6) of the Regulations we assessed the likelihood that dumping would occur if the measures were no longer applied (the likelihood of dumping assessment). We determined that:
 - it is likely, on the balance of probabilities, that dumping of FAME would occur if the measures were no longer applied; and

- it is likely, on the balance of probabilities, that dumping of HVO would occur if the measures were no longer applied.

B5. Likelihood of injury assessment

23. In accordance with regulation 99A(1)(b) of the Regulations, we considered whether injury to the UK industry of the relevant goods would occur if the anti-dumping amount were no longer applied (the likelihood of injury assessment). We determined that:

- it is likely, on the balance of probabilities, that injury would occur if the anti-dumping amount on FAME were no longer applied; and
- it is likely, on the balance of probabilities, that injury would not occur from importation of HVO if the anti-dumping amount were no longer applied.

B6. Economic interest test

24. Having considered all the evidence gathered, including that presented by the interested parties and contributors, and all of the factors listed in the legislation, we have concluded that the Economic Interest Test (EIT) is met for the proposed duty.

B7. Intended Recommendation

25. In accordance with regulation 100(1) of the Regulations, the TRA must make a recommendation following a transition review to vary or revoke the application of the anti-dumping amount of the relevant goods.
26. Our intended recommendation is to vary the application of the anti-dumping amount under regulation 100A of the Regulations. As it has not been possible to recalculate the anti-dumping amount, we recommend maintaining the measure under regulation 100A(4)(b) of the Regulations and varying the description of the goods to which the measure applies under regulation 99A(2)(a)(ii) of the Regulations.

27. The description of the goods to which the measure applies will be varied so as to exclude HVO from the application of the measure. The goods to be excluded are classified under the following UK tariff codes:

27 10 19 43 21
27 10 19 43 29
27 10 19 43 30
27 10 19 46 21
27 10 19 46 29
27 10 19 46 30
27 10 19 47 21
27 10 19 47 29
27 10 19 47 30

28. The varied description of the goods to which the measure applies is as follows:

“Category 1 Goods (biodiesel, pure or blend, greater than 20% biodiesel content)

Fatty-acid mono-alkyl esters (FAME) and/or paraffinic gasoil obtained from synthesis 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 of non-fossil origin, originating in the United States of America and consigned from Canada.

AND

Category 2 Goods (biodiesel, blend, less than 20% biodiesel content)

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

29. The UK tariff codes to which the measures will be maintained and will continue to apply will be as follows:

15 16 20 98 21	27 10 20 11 21	38 26 00 10 20
15 16 20 98 29	27 10 20 11 29	38 26 00 10 29
15 16 20 98 30	27 10 20 11 30	38 26 00 10 50
15 18 00 91 21	27 10 20 16 21	38 26 00 10 59
15 18 00 91 29	27 10 20 16 29	38 26 00 10 89
15 18 00 91 30	27 10 20 16 30	38 26 00 10 99
15 18 00 99 21	38 24 99 92 10	38 26 00 90 11
15 18 00 99 29	38 24 99 92 12	38 26 00 90 19
15 18 00 99 30	38 24 99 92 20	3826 00 90 30

30. The duties specified in Annex 1 shall be maintained and applied to the goods described or imported under the above UK tariff codes. These duties will not apply to goods produced by an overseas exporter specified in Annex 2.
31. We intend to make this recommendation on the grounds that:
- It is likely, on the balance of probabilities, that dumping of FAME from the US and consigned from Canada, would occur if the anti-dumping amount were no longer applied.
 - It is likely, on the balance of probabilities, that injury to the UK industry would occur from importation of FAME from the US and consigned from Canada, if the anti-dumping amount were no longer applied.
 - The application of the anti-dumping amount on FAME meets the EIT.
 - It is likely, on a balance of probabilities, that dumping of HVO from the US, and consigned from Canada, would occur if the anti-dumping amount were no longer applied.
 - It is likely, on a balance of probabilities, that no injury would occur from importation of HVO from the US if the anti-dumping amount were no longer applied.
32. In reaching this intended final recommendation we considered the current and prospective impact of the anti-dumping amount.

SECTION C: Background

C1. Initiation of the transition review

33. The UK chose to maintain some trade remedy measures once it was outside EU's common external tariff. DIT identified which measures were of interest to the UK following a call for evidence.
34. For each of these measures, the Secretary of State for International Trade (the Secretary of State) published a Notice of Determination, under regulation 96(1) of the Regulations, setting out the decision to transition the corresponding EU trade remedies measure, and a Taxation Notice, on replacement of the EU trade duty. We conduct transition reviews to determine if these measures should be varied or revoked in the UK.
35. On 10 August 2020, the Secretary of State published a [Notice of Determination](#) and [Taxation Notice](#) regarding the anti-dumping duty on biodiesel originating in the United States of America and consigned from Canada. In accordance with the Regulations and this Notice, the TRA was required to conduct a transition review of the original EU measure imposing this anti-dumping duty, pursuant to Article 11(2) of [Council Regulation \(EC\) No 1225/2009](#).
36. On 12 August 2020 the Secretary of State published a Notice to initiate the transition review of the relevant EU trade remedies measure relating to biodiesel originating in the US and consigned from Canada. Due to an omission, an amended NOI was published on 27 July 2021.

C2. Previous measures in place

37. The European Commission (the Commission) imposed anti-dumping duties on imports of biodiesel originating in the US by implementing [Council Regulation \(EC\) No.599/2009](#) on 7 July 2009. Annex 3 lists the duty rates that were applied.

C2.1 EU reviews conducted since the original measure

38. Since the original investigation, the Commission has undertaken the following reviews.
39. An [anti-circumvention review](#) was initiated on 11 August 2010, following a request by the European Biodiesel Board (EBB) on behalf of EU producers. The request was made on the basis of a significant change in the pattern of trade involving exports from the US, Canada and Singapore to the EU following imposition of the measures. The Commission concluded that there was sufficient evidence of transshipment of biodiesel originating in the US via Canada. On 5 May 2011, the Commission imposed definitive measures,

extending the anti-dumping duties on biodiesel imports originating in the US to imports of biodiesel consigned from Canada - whether declared as originating in Canada or not, and to imports of biodiesel in a blend containing by weight 20% or less of biodiesel originating in the US. The duties extended were those established in Article 1(2) of Regulation (EC) No.599/2009 and are listed in Annex 4.

40. On 30 April 2013, a [partial interim review](#) was initiated at the request of a Canadian exporting producer, Ocean Nutrition Canada, requesting an exemption from the anti-dumping measures. The partial interim review was terminated by the Commission due to a failure by the producer to provide further data relating to production capacity, as requested by the Commission.
41. On 10 July 2014, an [expiry review](#) was initiated, and on 14 September 2015 the anti-dumping duties applicable to biodiesel imports originating in the US and consigned from Canada were renewed by the Commission.
42. A further [partial interim review](#) was initiated on 19 May 2015 at the request of a Canadian exporting producer, DSM Nutritional Products Canada, requesting exemption from the extended measures. Following the review, the exemption was granted by the Commission.
43. A [new exporting producer treatment review](#) was initiated in 2017 following a request by an American company, Organic Technologies. Following the review, the Commission concluded that the applicant met the criteria for a new exporting producer and was therefore eligible for the duty rate applicable to the cooperating companies not included in the sample (the weighted average duty rate of EUR 115.6 per tonne).
44. The most recent [expiry review](#) was initiated by the Commission on 14 September 2020 and concluded on 29 July 2021 with the Commission maintaining the anti-dumping measures.

C3. Our transition review process

C3.1 The transitioned measure

45. The EU measure transitioned into UK law and set out in the Taxation Notice took effect as a UK measure on replacement of EU trade duties. Under regulation 97C of the Regulations, this measure will continue until the Secretary of State publishes a notice accepting or rejecting a recommendation following a transition review to vary or revoke the application of the anti-dumping amount.
46. The transitioned measure applies to biodiesel from the US and consigned through Canada. The rate of anti-dumping duty which applies to the goods produced by the relevant companies is summarised in Annexes 3 and 4.

C3.2 Information from participants in the review

C3.2.1 UK Producers

47. Pre-sampling questionnaire responses were received from the three main producers of FAME in the UK:
- Argent
 - Greenergy
 - Olleco
48. The three UK producers were all sampled. The information received from each of them is detailed in Annex 5.

C3.2.2 US Exporters

49. Pre- sampling questionnaires were received from the following US exporters:
- Kolmar Americas Inc.
 - RBF Port Neches LLC
 - Renewable Energy Group Inc.
 - Vitol Inc.
 - World Energy
 - Gunvor USA LLC
50. The selection of exporters for the sample was based on the highest production volumes of the goods subject to review. A notice confirming the selected sample was placed on the public file on 9 October 2020. The information received from US exporters is detailed in Annex 6.
51. Six exporting producers in the US registered their interest in the transition review. However, no questionnaire responses were received from these parties. The TRA has published a [Notice](#) to the public file confirming that we deem the sampled exporters to be non-cooperative.

C3.2.3 Importers

52. Three importers registered their interest to the transition review,
- Greenergy
 - Valero Energy Limited (Valero)
 - Green Power Fuels Ltd
53. Valero was the only party to participate in the review as an importer. Annex 7 details the information received.

C3.2.4 Foreign Governments

54. The US and Canada both registered to participate in this transition review. The information received from these parties is detailed in Annex 8.

C3.2.5 Other participants

55. Two trade bodies registered their interest in the review. The National Biodiesel Board (NBB) submitted a Pre-sampling questionnaire but did not participate in the review further. The Renewable Transport Fuel Association (RTFA) completed a questionnaire and filed additional submissions in relation to product scope. The information received is detailed in Annex 9.
56. Contributor registration forms were issued which permitted additional information to be provided by members of the upstream and downstream industries. Information received is detailed in Annex 10.

C3.3 Verification of data

57. On site verification could not be conducted during this review due to travel restrictions caused by the COVID-19 pandemic. All verification activity took place remotely via email and video conferencing.
58. Submissions by the two UK producers, Argent and Greenergy were checked for consistency and completeness. During these checks, deficiencies were identified relating to inadequate responses and non-confidential summaries. All deficiencies were resolved before verification work commenced.
59. Verification meetings were held with Argent between 28 and 30 April 2021. During the meetings, Argent provided information on their accounting systems, sales data, processes, and transactions. Further information and source documentation relating to injury factors and the Economic Interest Test were also provided.

60. Additional information was also requested regarding sales figures, management accounts, and individual sales transactions. The requested information was submitted by Argent. Any data that was not verified is listed in the [verification report](#) which can be found on the public file.
61. Verification meetings were held with Greenergy between 7 and 11 May 2021. During the meetings with Greenergy, information and data relating to their accounting systems, sales data and injury factors were discussed and verified. Additional information was requested to explain differences in sales volumes and trial balance data. The requested information was partially provided by Greenergy. A copy of the [verification report](#) can be found on the public file.
62. In addition to information provided by these parties, secondary source information was used in accordance with the Regulations. This secondary information was treated with special circumspection and, where practicable, verified using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets. Where data has not been verified, the TRA has been able to highlight the areas and draw conclusions where possible.
63. Following verification activity undertaken on the data provided by Greenergy and Argent, we are satisfied that we can treat the data relied on as complete, relevant, and accurate for the purposes of this review.

SECTION D: The Goods

D1. Introduction

64. 'Goods subject to review' are defined in regulation 2 of the Regulations as *"the goods described in the notice of initiation of a review under Schedule 3, Paragraph 1."*
65. The goods subject to review in this transition review are defined in the amended NOI as:

"Category 1 goods (biodiesel, pure or blend, greater than 20% biodiesel content)

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.

Category 2 goods (biodiesel, blend, less than 20% biodiesel content)

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."

66. The amended NOI sets out the commodity codes relating to these goods descriptions.

D2. Assessment of the goods

67. The scope of this transition review, as set out in the amended NOI and detailed above, consists of biodiesel made from various feedstocks and at different blend levels, and includes both FAME and HVO. Both FAME and HVO are produced in the US. While there is evidence that the UK biodiesel industry produces FAME, the TRA has not established any evidence of production of HVO production within the UK.
68. We received submissions regarding scope from Diamond Green Diesel Ltd (DGD) requesting that HVO be removed from the scope of the transition review on the basis that HVO is not sufficiently 'like' the goods produced in the UK (FAME). In order to respond to these submissions, we have assessed a number of factors to establish the similarities (or likeness) of FAME and HVO. These included physical, chemical, technical, and commercial similarities and differences between the goods concerned and other potential like goods.

69. The following observations have been made regarding physical, chemical, and technical likenesses of FAME and HVO.

D2.1 Production process

70. FAME and HVO have different production processes. FAME is produced through the esterification process (the reaction of an alcohol with acid) while HVO is produced through the process of hydrotreatment (which uses hydrogen as the catalyst). FAME production requires other reagents, such as methanol, and produces glycerol as a by-product. During HVO production, hydrogen is used to remove oxygen from the vegetable oils. Due to the difference in production method, it is not possible to have a production plant that can produce both FAME and HVO. In the production of the goods identical feedstocks can be used for both products and the end product is odourless, however their chemical composition, other inputs and by-products differ.

D2.2 Quality

71. The products also have differences in their quality. HVO has a higher cetane number, better energy density and lack of oxygen content (meaning it is less likely to oxidise). It also has a much lower cold filter plugging point (CFPP) of anywhere between -20 degrees and -50 degrees which is an important quality in fuel as this determines the level of cold/temperature the fuel can withstand before it freezes or gels. It also has a minimum flashpoint of 61 degrees which means that it is safe in warmer conditions as well as freezing temperatures. HVO can also be stored for up to ten years without any detrimental effect on its quality as it does not contain Sulphur, and it does not oxidise or absorb water thereby making it a more 'stable' product. In comparison, FAME has a shelf life of 6 months to 1 year and is more susceptible to degradation. HVO can also be blended without any limits and can be used as a pure 100 product without causing damage to engines.

D2. 3 Technical and chemical characteristics

72. The difference in technical and chemical characteristics is not disputed by the parties, however we consider that each type of biodiesel has different properties depending on the feedstock source, and the corresponding quality of the feedstock.

D2.4 Commodity codes

73. The TRA has considered the commodity codes and is satisfied that these reflect the similarities and differences of the goods.

D2.5 Commercial likeness

74. This refers to how the market treats the potential like goods compared to the goods concerned. As part of this review, the TRA considered:

- end use and interchangeability; and
- direct competition between FAME and HVO.

D2.5.1 End Use and Interchangeability

75. End use requires consideration of the extent to which FAME and HVO products are capable of performing the same, or similar function.

76. Interchangeability requires consideration as to whether consumers are willing to choose one product instead of another to perform those end uses.

77. DGD argued in their submission on scope that commercially, FAME and HVO are different and have different end uses. The TRA has considered submissions in relation to various uses of HVO as a non-road transport fuel for rail, agriculture and maritime applications, and the use of HVO as a heating oil.

78. Having examined the potential end uses for HVO and FAME and recognising that HVO has uses for which FAME is not appropriate, we consider that these products all compete in the biofuels market to replace (either in part or whole) mineral diesel as a road transport fuel with environmental benefits.

D2.5.2 Direct Competition between FAME and HVO

79. DGD also submitted that the selling price of HVO is higher than FAME, providing data indicating an average selling price for HVO of GBP 1,073 mT during the POI, compared to GBP 810 mT for FAME.

80. HVO is less dense than FAME, which results in more litres of HVO per tonne when compared to FAME. This difference means that HVO is cheaper per litre relative to its per tonne cost but still remains significantly more expensive than FAME. We consider it economically rational that UK blenders would opt for the less expensive product (FAME) over HVO in order to satisfy the blending mandate and their requirements under the Road Transport Fuel Obligation (RTFO).

D2.6 Conclusion

81. The TRA has determined that the relevant goods produced in US and the UK are comparable and fall within the description of the goods subject to review.

82. Nevertheless, we considered it appropriate to conduct separate analysis of FAME and HVO in this report as research, questionnaire replies, and information from verification confirmed that these products are traded as distinct commodities in the biofuels market.

SECTION E: The Current UK Industry and Market

E1. Overview

- 83. UK industry is comprised of three manufacturers: Greenergy, Argent, and Olleco. Greenergy are also an active importer of FAME into the UK market, but only the fuel produced and sold by the parties in the UK is considered as part of the UK Industry for the purposes of this review.
- 84. While the UK industry only produces FAME, HVO is available on the international market for purchase as an import into the UK. Both FAME and HVO fall under the scope of this investigation as defined by the taxation notice and the amended NOI.
- 85. In 2008, the Department for Transport placed an obligation on suppliers of transport fuels to demonstrate that a proportion of the fuel they supply comes from renewable sources. This obligation known as the RTFO aims to reduce greenhouse gas emissions from vehicles, ultimately supporting the Government's target of net zero by 2050.

E2.1 Market size and structure

- 86. 1.41 million metric tonnes (mT) of biodiesel were sold on the UK market during 2019. UK producers accounted for approximately 36% of this production.³
- 87. Biodiesel is a commodity good, with demand generated by legislative mandates such as the RTFO, to include a proportion of biofuel blended with mineral diesel for sale as road fuel. The FAME produced by UK industry is used in this capacity, blended into road fuel, in concentrations from 7% to 100%, depending on the user. Most biodiesel available at the pump for the consumer is B7 – 7% biodiesel, 93% from other (mineral) sources. The fuel can be differentiated from other blends and from other types (e.g. FAME and HVO) by its behaviour in cold conditions, and the amount of RTFO credits generated by the production of the fuel, dependent on feedstock.
- 88. There is a physical blend wall of 7% for the use of FAME in road fuel, beyond which vehicles must be specially modified for the use of the fuel. Fuel produced from waste-based feedstock is 'double counted' meaning that UK suppliers could meet RTFO blend obligations of up to 14% with the use of their fuel. There is no such limit for the use of HVO, and thus it can be blended in a higher proportion than FAME.

E2.2 Competition in the market

³ Based upon confidential data and [BEIS -DUKES stats 2017-2020](#)

89. UK production competes with biodiesel imported into the UK market, blended with mineral diesel into road fuel.
90. Greenergy, the largest UK producer, blend their fuel into mineral diesel and distribute it as road fuel. Argent blend some fuel, and also sell on their fuel for blending by other fuel companies.
91. Imports from the US and Canada are small compared to imports from other countries. Imports account for 64%⁴ of the UK market, and primarily come from European Union producers. As set out above, in [Section D: The Goods](#), imported and UK produced biofuels all compete in the biofuels market to replace (either in part or whole) mineral diesel as a road transport fuel with environmental benefits.

E2.3 Conclusion

92. We have determined the UK industry is comprised of Greenergy, Argent and Olleco for the purposes of this transition review. The FAME produced by these companies is competitive with the goods produced by the US industry and thus provides a meaningful comparison for our analyses.

⁴ See note 3

SECTION F: Necessary or Sufficient Assessment

F1. Introduction

93. Under regulation 99A(1)(a) of the Regulations, we are required to consider whether the application of the anti-dumping amount is necessary or sufficient to offset the dumping of the relevant goods to the UK (the necessary or sufficient assessment).
94. Her Majesty's Revenue and Customs (HMRC) records low levels of imports from the US of the goods subject to review during the POI and IP. Import data from HMRC shows that during the POI, 0.26% of UK imports of the goods subject to review were from the US.
95. Due to such low levels of imports, we are unable to determine definitively whether the measure is necessary or sufficient to offset the dumping of the goods subject to review.
96. Additionally, without imports of the goods subject to review, we do not consider it appropriate to recalculate the anti-dumping amount under regulation 99A(2)(a)(i) of the Regulations.

F2. Conclusion

97. In light of the low levels of imports of the goods subject to review, we are unable to determine definitively whether the application of the anti-dumping amount is necessary or sufficient to offset the dumping of the relevant goods to the UK.
98. Therefore, to determine whether the measures should be varied or revoked, we have considered the likelihood that injury would occur if the measures were no longer applied, in accordance with regulation 99A(1)(b) of the Regulations.
99. Under regulations 99A(2)(a)(iii) and 70(6) of the Regulations, we have also considered the likelihood that dumping of the goods subject to review would occur if the measure were no longer applied.

SECTION G: Likelihood of dumping assessment

G1. Introduction

100. In accordance with regulations 99A(2)(a)(iii) and 70(6) of the Regulations we have assessed the likelihood that the dumping of relevant goods would occur if the measures were no longer applied. In doing so, and in conjunction with our consideration of the economic interest test, we have also had regard to the current and prospective impact of the dumping amount, as required under regulation 100A(2) of the Regulations.
101. We have considered the likelihood of dumping on a countrywide basis, rather than an exporter-by-exporter basis. This is due to the non-cooperation of US exporters, which resulted in no suitable data being available to the TRA on the individual companies.
102. Information obtained from secondary sources was used in accordance with the Regulations where primary data was not available.
103. The assessment considered:
- the price comparison between US produced goods and UK produced goods;
 - whether dumped imports to the UK have continued whilst the measure has been in place;
 - whether exporters have significant levels of production capacity (current or potential), which would give them the ability to dump if measures were removed;
 - whether exporters have significant levels of production which would give them the ability to dump if measures were removed;
 - whether exporters have significant inventories, which give them the ability to dump if measures were removed;
 - whether exporters are dumping in third countries and/or subject to anti-dumping measures elsewhere;
 - whether the conditions in the US domestic market are favourable for the goods concerned;
 - whether exporters would be likely to choose to export to the UK over other markets based on the attractiveness of the UK market; and

- whether exporters have previously or habitually circumvented the effects of the trade remedy measure.

104. We conducted this assessment to inform our determination as to whether the measure should be varied or revoked. The assessment of the likelihood of dumping of the goods subject to review occurring was concluded on the balance of probabilities.

G2. Price comparison between US and UK products

G2.1 FAME

G2.1.1 UK FAME price

105. The UK FAME price has been calculated using a weighted average of the UK price data provided by the UK producers, Argent and Greenergy, during verification. The price calculated for UK FAME is GBP 810.62 per metric Tonne (mT).

G2.1.2 US FAME price

106. Due to the non-co-operation of US exporters, publicly available information obtained from the USDA Bioenergy Statistics was used in accordance with the Regulations to determine the domestic price of US biodiesel.

Table G.1: Price of B100 (SME) free on board (FOB) in Illinois, Indiana and Ohio⁵

Month	US SME (USD/gal)	US SME (USD/mT)	US SME (GBP/mT)
Jul-19	2.91	873.29	700.19
Aug-19	2.99	897.30	738.04
Sep-19	3.06	918.30	743.30
Oct-19	3.13	939.31	741.81
Nov-19	3.21	963.32	748.00
Dec-19	3.26	978.32	746.78
Jan-20	3.33	999.33	764.33
Feb-20	3.11	933.31	719.66
Mar-20	2.97	891.30	721.69
Apr-20	2.77	831.28	669.23
May-20	2.74	822.27	667.98
Jun-20	2.87	861.29	688.50
POI average	3.04	912.30	724.19

Conversions: 1 US gallon = 3.78541 litres, 1 tonne = 1136 litres, USD to GBP using monthly exchange rates.

G2.1.2.1 FAME freight, insurance, and customs

107. We have relied on information obtained from secondary sources, including from the most recent EU expiry review,⁶ to calculate costs in relation to freight and insurance. This information has been used in accordance with the requirements set out in the Regulations.
108. The cost of freight and insurance has therefore been set at GBP 41.29 per mT. A customs duty of 6.5% has been applied, providing a customs duty amount of GBP 47.06 per mT. The combined costs for freight, insurance and customs duty have therefore been calculated as GBP 88.35 per mT.
109. The evidence provided indicates that blenders purchase FAME because of pricing considerations. In order to enter the UK market and capture market share, US producers would therefore need to sell at a price lower than to the

⁵ USDA US Bioenergy Statistics, Table 17. Available at: <https://www.ers.usda.gov/data-products/us-bioenergy-statistics/>

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1266&from=EN> page 8, (55)

average ex-works price of FAME sold in the UK (by UK producers) during the POI. This price is calculated as GBP 810.62 per mT.

110. If US producers resumed exports to the UK at competitive prices, they would need to sell the goods at an ex works price of less than GBP 722.27 per mT,⁷ which is lower than the US domestic sales price of GBP 724 per mT (see table G.1). The UK sale price for the US produced FAME would also need to take into account the costs and risks of transporting the goods to the UK.

G2.2 HVO

G2.2.1 UK HVO price

111. There is no domestic production of HVO within the UK. Therefore, we have considered the domestic sale price for HVO within the US and compared this with the UK price for FAME, which has been calculated as GBP 810.62 per mT.

G2.2.2 US HVO Price

112. The TRA has used confidential information submitted by interested parties to determine a HVO domestic price for the US. Based on this information, the TRA has calculated a US domestic HVO price of GBP 1,073.32 per mT during the POI.

G.2.2.2.1 HVO freight, insurance, and customs

113. In order to enter the UK market, US producers would likely need to sell at a lower price than GBP 810.62 per mT. The sale price would also include the insurance and ocean freight costs which would be applied to HVO, which have been calculated as GBP 41.29 per mT.
114. We applied the customs duty for commodity code 27101943 to this calculation, however this amounts to a customs duty of GBP 0 per mT.
115. If US producers resumed exports to the UK at competitive prices, they would need to do so at an ex works price of less than GBP 769.33 per mT.⁸ This price is lower than the US domestic sales price of HVO of GBP 1,073 per mT. We therefore consider that if US producers or exporters were to export HVO into the UK market to compete with UK FAME, they would need to do so at dumped price levels.

⁷ (GBP 810.62 (UK domestic price) – GBP 88.35 (freight, insurance, and customs)).

⁸ (GBP 810.62 (UK domestic price) – GBP 41.29 (freight, insurance, and customs)).

G2.2.2.2 HVO price comparison

116. The TRA has concluded that if US producers were to export HVO into the UK market to compete with UK FAME, they would need to do so at dumped price levels.

G2.3 Conclusion

117. We have therefore concluded that:

- US producers would be able to export FAME into the UK at dumped prices, and would need to do so to capture market share; and
- if US producers were to export HVO into the UK market to compete with UK FAME, they would need to do so at dumped price levels.

G3. Continued dumping

118. There have been low level imports of the goods subject to review to the UK during the POI. HMRC data shows that 0.26% of UK imports of biodiesel were from the US, and that 0.08% of UK imports of biodiesel were from Canada. The TRA has concluded that dumping of the goods subject to review to the UK from the US and consigned from Canada had not continued during the POI.

G3.1 Continued dumping - FAME

119. The TRA has been unable to find reliable publicly available information on US FAME imports and the total imports is captured in the data for biodiesel above.

G3.2 Continued dumping - HVO

120. The TRA has been unable to find reliable publicly available information on HVO imports from the US and the total imports is captured in the data for biodiesel above.

G3.3 Conclusion

121. There have been low levels of imports of both FAME and HVO into the UK during the POI.

G4. Production Capacity

G4.1 Production capacity of FAME

122. Based on open-source data from the US Energy Information Administration (US EIA), the potential manufacturing capacity of the goods subject to review in the US is at least 8.4 million mT.⁹ This exceeds the annual UK consumption of like goods, which for the POI was 1.41 million mT.¹⁰
123. The TRA has established that there was 32% excess capacity in the US industry in the POI.¹¹ The US was a net importer of biodiesel during this period. US exporters did not utilise excess capacity to satisfy domestic demand during the injury period. We consider it unlikely that such available production capacity would be used in the future to satisfy domestic demand.
124. The data also shows US exporters export biodiesel to other countries whilst the US continues to be a net importer of biodiesel.¹² We consider that it is likely that US producers will continue to prioritise exporting going forward.
125. Spare production capacity increases both the incentive and the ability of US exporters to dump in the future, as having spare capacity may be inefficient or unsustainable.
126. If the UK were to remove measures, the TRA considers it likely that US producers would be incentivised to export into the UK market.

G4.2 Production capacity of HVO

127. Open-source data from the US EIA¹³ on future HVO production capacity indicates that there would be a maximum HVO production capacity of 14.8 million mT in the US in 2024 if all planned plants are built.
128. UK consumption of biodiesel in the POI was 1.5 million mT, therefore even with more limited expansion of US production capacity and the goods exported to the UK, there is potential for US exports to have a significant effect on the UK market. We consider that US producers would likely have the capacity to meet US consumption and that spare capacity will exceed HVO demand in the US. However, analysis has not been completed on the potential increase in demand for HVO in the US, due to a lack of data.

G4.3 Conclusion

129. Capacity in US HVO production is expected to increase to 1,000% of UK annual consumption by 2024. Future overcapacity of both FAME and HVO in the US has the potential to increase the likelihood of US exporters using a small part of that HVO capacity to export to the UK market if the measure was

⁹ <https://www.eia.gov/totalenergy/data/monthly/#renewable>

¹⁰ <https://www.gov.uk/government/statistics/hydrocarbon-oils-bulletin>

¹¹ <https://www.eia.gov/totalenergy/data/monthly/#renewable>

¹² <https://www.eia.gov/todayinenergy/detail.php?id=47816>

¹³ <https://www.eia.gov/todayinenergy/detail.php?id=48916>

removed. Spare capacity in the US market represents in excess of 100% UK annual consumption.

G.5. Current production

130. The TRA has referred to EIA data regarding biodiesel production in the US.

G5.1 Production levels of FAME

Table G.2 – US FAME production levels¹⁴

Time period	Production (mT)
July 2016 – June 2017	5,178,614
July 2017 – June 2018	5,814,189
July 2018 – June 2019	6,216,536
POI (July 2019 – June 2020)	5,718,208

131. Production levels in the US during the IP have increased from 5,178,614 mT to 5,718,208 mT. Although FAME production fell in the final year of the IP, it increased by 10.4% over the entire IP.

G5.2 Production levels of HVO

132. The TRA does not have sufficient data on total HVO production in the US and has not been able to consider this factor.

G5.3 Conclusion

133. Production levels of FAME in the US are 300% of UK annual consumption and has increased over the course of the IP. Such high levels of production combined with the spare capacity in the US market indicates that there is and will continue to be a surplus of products that US producers can export abroad.

G6. Inventory levels

134. EIA data provided to the TRA indicates the ending stocks of biodiesel in the US each month.

¹⁴ <https://www.eia.gov/biofuels/biodiesel/production/table2.pdf>

135. If the US hold sufficient stocks to supply the UK at short notice while they are able to increase production, to meet a potential new demand then it may have an impact on the likelihood of being able to dump the relevant goods. It is therefore relevant to consider whether the exporters inventories of goods are substantial enough to affect the UK market between the current and future US capacity to export biodiesel.

G6.1 Inventory levels of FAME

Table G.3 – US ending stocks of FAME from 2016-2020 as a percentage of UK consumption¹⁵

Period (July-June)	US ending stocks mT	Percentage of UK biodiesel consumption
2016-17	158,836	26%
2017-18	172,443	23%
2018-19	176,053	15%
2019-20	177,163	12%

Conversion rate of 1 US gallon = 3.78541 Litres, 1136 litres to 1 m/T

136. The POI inventory figure (average of 12 months of inventory figures from July 2019-June 2020) represents 12% of UK consumption of FAME in the POI. The level of ending stocks (stocks of FAME held in storage as of the last day of the month) have increased across the IP from 158,836 to 177,263 mT, however as a percentage of UK consumption there has been a downwards trend (accounted for by the UK's increased consumption due to the increased RTFO mandates). At the beginning of the IP, US ending stocks amounted to 26% of UK consumption and at the end of the IP they reduced to 12%.

¹⁵

https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=M_EPOOBD_SAE_NUS_MMGL&f=M

G6.2 Inventory levels of HVO

Table G.4 – US ending stocks of HVO from 2016-2020 as a percentage of UK consumption ¹⁶

Period (July-June)	US ending stocks of HVO mT	Percentage of UK biodiesel consumption
2016/17	783,186	129%
2017/18	696,934	94%
2018/19	758,218	66%
2019/20	714,213	49%

Conversion rate of 1 barrel = 158.99 litres = 1282 litres to 1 mT

137. EIA data demonstrates that inventory levels of HVO have fluctuated from 2016-2020 but there has been a general downwards trend. Whilst there has been a downwards trend, the POI average inventory figure for HVO represents 49% of UK consumption in the POI which is significant.
138. There is a significant level of inventories of HVO which US exporters could use in the short term to export into the UK market if measures were removed before increased production capacity is able to be utilised.

G6.3 Conclusion

139. FAME inventory levels represent 12% of UK annual consumption. The inventory levels, high levels of production and spare capacity available to US producers indicate that there is a surplus of products for US producers to export. Additionally, US producers have a history of exporting surplus product rather than selling it on the domestic market. These factors together shows that US producers have the immediate availability of stocks, an ability to increase production to meet demand from a new market and have a history of exporting surplus product instead of meeting domestic demand.
140. These findings indicate that US exporters will have incentive and ability to dump the relevant goods if the anti-dumping measures are removed.

G7 Exports to third markets and anti-dumping measures in other countries

¹⁶ https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=m_epoord_sae_nus_mbbl&f=m

G7.1 FAME

141. There were low levels of US imports of biodiesel in the IP. As a result, the TRA has not been able to obtain representative average prices in relation to the goods subject to review. For the purposes of this analysis, the TRA has therefore relied upon publicly available information from the United States International Trade Commission (USITC) to assess US exports to third countries.
142. The USITC data is valued at FAS (Free Alongside Ship), i.e. the value of the goods at the US port of export, based on the transaction price including inland freight, insurance and other charges incurred in placing those goods alongside the carrier at the US port of export.¹⁷
143. The table below compares the average sales price in US dollars per mT with the average domestic price in the US for the top 5 countries (outside the UK) to which the US exports.

Table G.5 – Top 5 US export destinations of FAME in the POI (commodity code 3826.00.00)

144. The table shows that US producers sold at prices below their domestic sales

Country	Volume of US exports	Quantity (mT)	Value (USD millions)	Average value (USD) per mT	Average value (GBP) per mT	Average US biodiesel domestic price (GBP) per mT
Canada	89.4	391,981	354.87	905.32	718.65	724.19
Netherlands	3.2%	13,888	9.92	714.30	567.02	724.19
Peru	3.1%	13,388	7.65	571.44	453.61	724.19
China	2.8%	12,363	6.18	499.77	396.72	724.19
Norway	0.8%	3,500	3.31	945.00	750.15	724.19

prices to four out of the top five countries they exported to during the POI. This indicates that it is likely US exporters are currently dumping in third countries, which makes it likely that dumping may occur in the UK if the measures were removed.

145. The TRA has calculated an average export price for FAME of USD 877.50 per mT. This is based on USITC data of total US exports of biodiesel to third countries in the POI of 438,543 mT, at the value of USD 384,822,306.

¹⁷ <https://www.census.gov/foreign-trade/reference/guides/tradestatsinfo.html>

146. Using the POI USD to GBP conversion rate of 0.794, this equates to GBP 696.73 per mT.
147. This export price is a FAS price to which ocean freight and insurance costs need to be added to calculate a CIF price. In comparing UK and US prices of the goods subject to review, above, we used the figures of GBP 41.29 per mT for freight and insurance costs, and GBP 47.06 per mT for customs duty. These prices have also been used in these calculations. These sums added together total GBP 88.35 per mT for freight, insurance, and customs costs.
148. The average US export price to third countries therefore totals GBP 785.08 per mT.
149. The calculated export price of GBP 785.08 per mT is lower than the UK price of GBP 810.62 per mT. We consider that US exporters would be able to sell at a price below GBP 810.62 per mT to enter the UK market. The higher FAME price of the UK market compared to other countries would likely incentivise US producers to divert exports from other countries to the UK if measures were removed.

G7.2 HVO

150. The TRA has been unable to find sufficient information in relation to US HVO exports in order to assess US exports to third countries.

G7.3 Conclusion

151. The TRA has found that US producers sold FAME at prices below their domestic sale price to four of out of the top five countries they exported to in the POI. This makes it more likely that US exporters would dump into the UK market if measures were removed.

G8 Anti-dumping measures in other countries

152. The Peruvian authorities have an anti-dumping duty on imports of pure biodiesel (B100) and mixtures containing more than 50% biodiesel from the US (Resolution No. 113-2009/CFD-INDECOPI, 03.07.2009). This was initiated in 2009 and extended in two further sunset reviews in 2015 and 2020. Despite the duty, US biodiesel continues to be exported to Peru.
153. The Commission have imposed anti-dumping duties on biodiesel from the US since 2009 and have extended measures in two sunset reviews in 2015 and 2021.

154. The fact that Peru and the EU have anti-dumping duties in place on biodiesel from the US indicates that dumped imports of biodiesel are more likely to occur in the UK if the United States is subject to anti-dumping duties from third countries.

G8.1 Conclusion

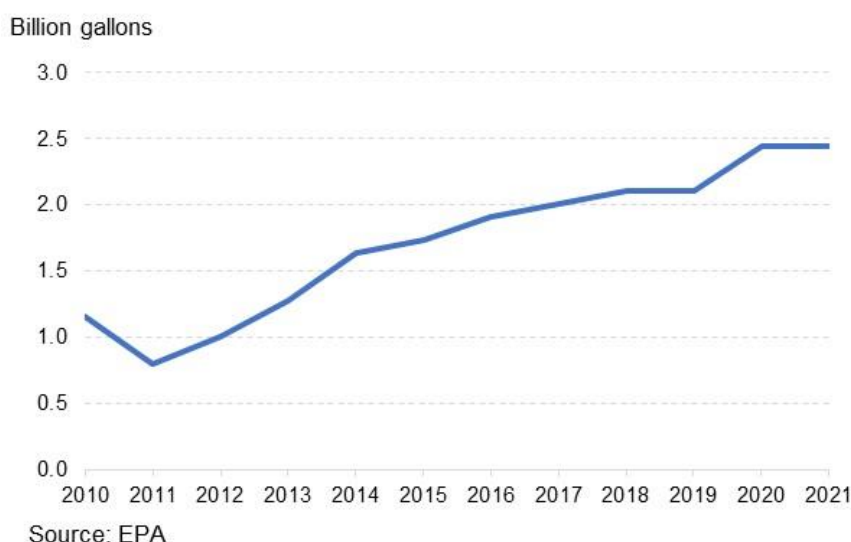
155. The data on third country price comparison to UK domestic price and the anti-dumping duties in other countries demonstrate that US exporters would be likely to dump into the UK market.

G9 Conditions in exporters' home market

G9.1 Regulatory environment in exporters home market

156. The US EPA is deliberating on the Renewable Fuel Standards (RFS) biofuel blending requirements for 2021 and 2022. The TRA has therefore considered the released EPA data¹⁸ accessed on 02 September 2021. Much of this data is focussed on California, as much of US demand is centred on this state, however we acknowledge that the US is not geographically homogenous and other states may show different patterns of consumption.

Figure G.1: EPA data on Renewable Fuel Standard volumes for biomass-based diesel



157. The trends from 2009-2020 demonstrate that there has been an upward trend in the amount of biodiesel required to be blended into transport fuel. Should this upward trend continue, the incentive for US exporters to export biodiesel abroad may reduce. However, there remain significant levels of production capacity and spare capacity, and these are likely to continue to increase

¹⁸ <https://www.epa.gov/renewable-fuel-standard-program/renewable-fuel-annual-standards>

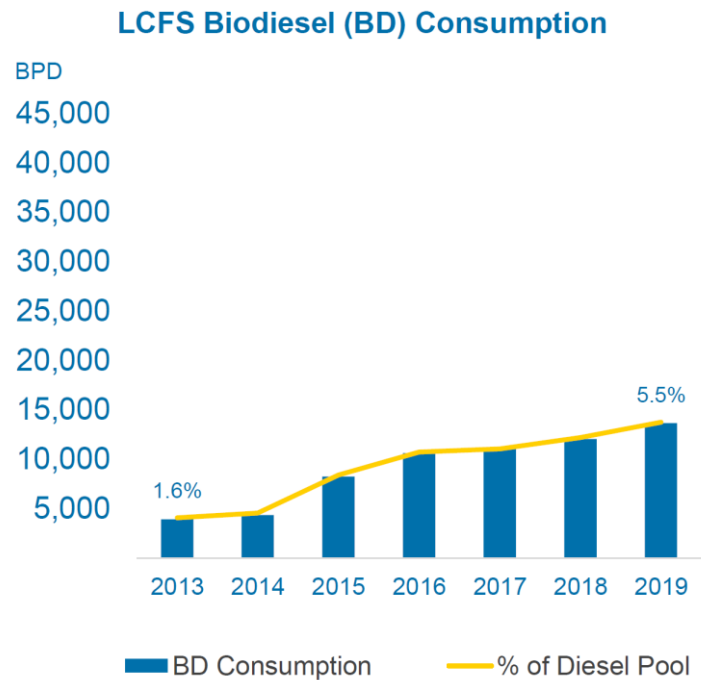
alongside demand. US producers have shown a historic preference for exporting their products abroad, and we consider it likely that this will continue.

G9.2 US demand

G9.2.1 FAME

158. Domestic subnational mandates for biodiesel in several US states indicates that there is likely to be increasing domestic demand for biodiesel in the US. As noted above, a key centre for the consumption of FAME within the US is California, which uses the Low Carbon Fuel Standard (LCFS) to require a reduction in the carbon intensity of transportation fuels by 20% by 2030.
159. As a result of these schemes, and in line with a rise in consumption across the US as a whole, the consumption of FAME in California has shown an increase during the POI. This rise in consumption may not be indicative of FAME usage in other US states but correlates broadly with the national increase in the use of biodiesel products, as shown above.

Figure G.2: California Air Resources Board graph showing LCFS data of FAME consumption in California, US¹⁹



Source: DGD
BPD- Barrels per day

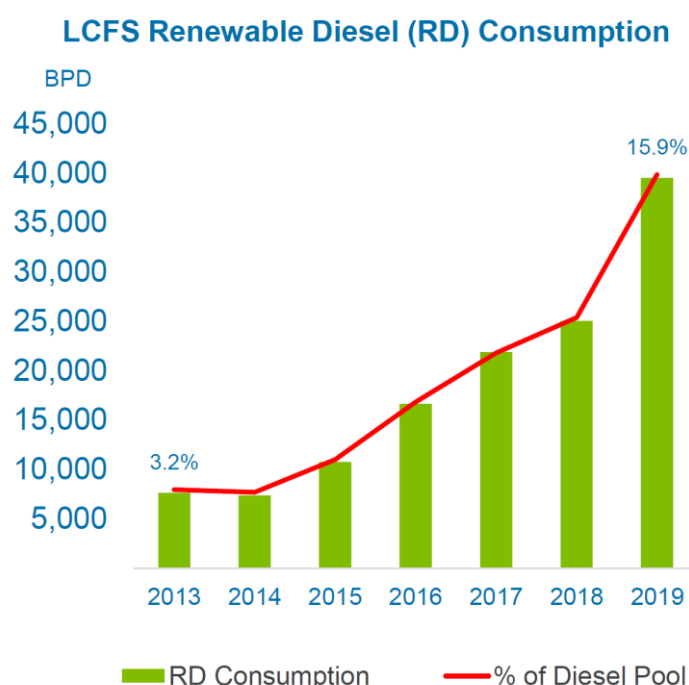
¹⁹ <https://www.trade-remedies.service.gov.uk/public/case/TD0004/submission/28ee8600-23d9-4685-beff-6fbace74ff5c/> 2 Basics_of_Renewable_Diesel_-_March_2020

160. Figure G.2 shows the trend of LCFS consumption of biodiesel. The graph shows a stable upwards trend in the consumption of biodiesel in California.

G9.2.2 US demand for HVO

161. As with FAME, the majority of US HVO consumption is in California²⁰ due to the tax credit system in place to promote renewable fuel.²¹ There is evidence that similar schemes are in place in other US states, for example Oregon, which has a similar system driving demand for HVO in diesel powered units.²²

Figure G.3: California Air Resources Board graph showing LCFS data of HVO (renewable diesel, RD) consumption, California US²³



Source: DGD

BPD- Barrels per day

G9.2.3 Conclusion

162. Due to changes to the RFS blending requirements, there has been an overall increase in demand for both FAME and HVO products within the US, and this is

²⁰ <https://www.eia.gov/energyexplained/biofuels/use-of-biodiesel.php>

²¹ <https://ww2.arb.ca.gov/our-work/programs/low-carbon-fuel-standard>

²² <https://afdc.energy.gov/fuels/laws/BIOD?state=OR> (Renewable Fuels Mandate)

²³ <https://www.trade-remedies.service.gov.uk/public/case/TD0004/submission/28ee8600-23d9-4685-beff-6fbace74ff5c/> 2 Basics_of_Renewable_Diesel_-_March_2020

likely to continue. The increase in demand may act to reduce the incentive for US producers to export these products and sell them into the UK market, however we consider that the continued increases in production capacity and spare capacity will more than match this increase in demand and are likely to mean that exports of these products to other countries will continue.

G10 The attractiveness of the UK market

G10.1 UK regulatory environment

G10.1.1 FAME

163. The RTFO biofuel blending targets are shown in Table G.6, below.

Table G.6: RTFO biofuel blending targets

Obligation year	<u>Percentage of biofuel within road transport diesel</u> ²⁴	<u>Amended percentage of biofuel within road transport use diesel from January 2022</u> ²⁵
2016	4.75	-
2017	4.75	-
2018*	7.25	-
2019	8.5	-
2020	9.75	-
2021	10.1	10.679
2022	10.4	12.599
2023	10.6	13.078
2024	10.8	13.563
2025	11	14.054
2026	11.2	14.552
2027	11.4	15.056
2028	11.6	15.566
2029	11.8	16.083
2030	12	16.607
2031	12.2	17.138
2032	12.4	17.676

**2018 was a short obligation period to switch to a calendar year from 2019.*

²⁴

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/952228/rtfo-guidance-part-1-process-guidance-2021.pdf

²⁵

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1015511/draft-si-the-rtfo-amendment-order-2021.pdf

Sources: RTFO Guidance Part One Process Guidance: 15 April 2017 to 14 April 2018.²⁶

164. Renewable fuel targets under the RTFO have increased over the POI and IP from 4.75% to 9.75% (see Table G.6). The RTFO target is to further increase to 12.4% by 2032 (17.676% by 2032 following an amendment to the RTFO).²⁷
165. The mandated increases for biofuels through the RTFO provide a stable demand for FAME, along with an increase in requirement for biofuels in road fuels. UK producers are unlikely to be able to expand production to fill the gap in demand to be met by importers. The UK market will therefore continue to remain an attractive market for foreign producers to export into.

G10.1.2 HVO

166. The TRA considers that the mandated increases for biofuels through the RTFO, as shown in table G.6, may provide a stable demand for HVO. This is because UK blenders may not be able to meet RTFO targets through FAME alone as the targets exceed the blend limits of FAME, meaning that blenders may use HVO to fulfil blend obligations. The TRA has not received any information which shows that UK producers are likely to produce HVO in the future. The UK market will therefore continue to remain an attractive market for foreign producers to export into.

G10.1.3 Conclusion

167. The mandated increases for biofuels through the RTFO are likely to provide a stable demand for both FAME and HVO, along with an increase in requirement for biofuels in road fuels. UK producers are unlikely to be able to expand production to meet all that demand and have indicated that there are no plans to expand current UK production. Without UK producers expanding production, we consider it likely that the UK market will therefore continue to remain an attractive market for foreign producers to export into.

²⁶

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/604591/rtfo-guidance-part-1-process-guidance-year-10.pdf

²⁷

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1015511/draft-si-the-rtfo-amendment-order-2021.pdf

G10.2 UK market size and growth

168. Sales of FAME are driven by the end user (the person filling their vehicle at a fuel station), creating demand for the fuel companies to purchase biodiesel to blend into the forecourt B7 blend at the regulated rate. Further demand is created from public service vehicles (bus and coach operators) and the haulage industry who consume biodiesel for a variety of purposes at higher blend rates of B10 to B100.
169. The TRA has established the UK consumption of biodiesel over the POI and IP using data obtained from the Digest of UK Energy Statistics (DUKES) which is produced by BEIS (it is reported annually from January to December).

Table G.7 UK biodiesel consumption²⁸

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total UK biodiesel consumption, mT	624,454	614,752	1,003,713	1,409,432	1,418,252
<i>Index (2016=100)</i>	100	98	161	226	227
Regulated increase in biofuel content	4.75%	4.75%	7.25%	8.50%	9.75%
<i>Index (2016=100)</i>	100	100	153	179	205

Compared to RTFO mandated blending of biofuel – Annual data Jan/Dec.²⁹

170. Table G.7 indicates that biodiesel consumption has followed the regulated increase in biofuel content in the UK and increased during the POI. We consider it likely that this increase will continue, in line with the requirements of the RTFO in the short to medium term, although UK government data predicts this will tail off closer to 2030, as the reduction in pure diesel car sales affects consumption.

²⁹ <https://www.gov.uk/government/news/new-regulations-to-double-the-use-of-sustainable-renewable-fuels-by-2020>

G10.2.3 Conclusion

171. We consider it likely that consumption will increase in line with the requirements of the RTFO in the short to medium term. This makes the UK an attractive market for exporters to meet this rise in consumption.

G10.3 Production

G10.3.1 Production – FAME

172. The TRA has calculated the production of FAME in the UK using verified data from Greenergy and Argent, and non-verified data from Olleco. The data compares with DUKES data although there is a small difference (under 1.8%), which can be accounted for in rounding up of data. The TRA has used data provided in DUKES.

Table G.8 UK FAME production, 2016-2019

	FAME (mT)			
	2016	2017	2018	2019
UK production	339,000	461,000	471,000	504,000
<i>Index (2016 = 100)</i>	100	136	139	149

Source: Data from DUKES. Links in table

173. While UK production of FAME has increased over the POI, it has not kept up with the level required to meet domestic demand for biodiesel in road transport fuels. Around one third of the UK biodiesel market is supplied through UK production, with imports supplying the remaining two thirds.

G10.3.2 Production - HVO

174. The TRA has found that the UK does not produce HVO. This means that demand for HVO would need to be fulfilled by exporters. This makes the UK an attractive market for HVO exporters.

G10.3.3 Conclusion

175. UK production, in relation to FAME, does not meet UK consumption, and production levels are unlikely to increase to the level required in order to meet domestic demand for biodiesel in road transport fuels.

176. There is no UK production for HVO, and so foreign exports will be required in order to meet the demand for this product in its entirety.

G10.4 Opportunity to differentiate products and services

G10.4.1 FAME

177. The TRA has not received evidence on opportunity to differentiate products services on US FAME entering the UK market.

G10.4.2 HVO

178. The TRA has received submissions from UKIFDA and UKPIA which state that there is potential demand for HVO as a heating oil in the UK which is separate from road fuel demand. This suggests that there is a demand for HVO in the UK market, regardless of price, due to its properties which differentiate it from traditional heating oils, such as kerosene.

179. The TRA has not received submissions from potential end users of HVO for other uses such as train usage, agriculture usage and maritime usage.

G10.4.3 Conclusion

180. The TRA has not received evidence on opportunity to differentiate products services on US FAME entering the UK market.

181. There is some evidence that indicates there is potential demand for HVO as a heating oil, separate from road fuel demand.

G10.5 Intensity of UK competition

G10.5.1 FAME

182. Two UK biodiesel producers, Argent and Greenergy, have indicated that they base their pricing on an EU pricing range from the Amsterdam, Rotterdam, and Antwerp area ("ARA"), which is a European standard. With domestic prices influenced by the EU and international prices and considering both the reliance on imports to supply demand and the estimated total number of suppliers, the UK biodiesel market is understood to be competitive.

183. Barriers to entry, including the availability and cost of the necessary technology and feedstocks, could limit the number of new producers entering the market. Import requirements, storage, and requirements arising from the RTFO could

act as barriers to entry for new importers. Existing importers, however, would have limited switching costs to source biodiesel from the US rather than other third countries, provided the necessary documentation for RTFO verification could be obtained. As such, any barriers to entry are not considered likely to impact the level of competition or the resulting attractiveness of the UK market.

G10.5.2 HVO

184. DGD have made a submission stating that the UK is 100% reliant on the EU for the supply of HVO.³⁰ We understand that the majority of this comes from one supplier. This lack of competition means that the TRA has found it is not likely that the HVO market in the UK is competitive.

G10.5.3 Conclusion

185. There are barriers to entry facing potential new entrants into the biodiesel market in the UK, but few for established importers. Additionally, the potential life span for this market is limited, further reducing the incentive for new producers to enter the market. Therefore, levels of competition between UK producers are unlikely to rise significantly, and the UK remains an attractive market for foreign exporters.

186. The UK is entirely reliant on foreign exporters for the supply of HVO, and it is therefore unlikely that the HVO market in the UK will be competitive.

G10.6 UK consumer protection

G10.6.1 FAME

187. The TRA has not received evidence on consumer protection implications on US FAME entering the UK market.

G10.6.2 HVO

188. The TRA has not received evidence on consumer protection implications on US HVO entering the UK market.

G10.6.3 Conclusion

³⁰ <https://www.trade-remedies.service.gov.uk/public/case/TD0004/submission/28ee8600-23d9-4685-beff-6fbace74ff5c/>

189. There has been no evidence received regarding consumer protection implications.

G10.7 UK vs other export markets

G10.7.1 FAME

190. We considered whether US exporters would be likely to expand into the UK market over other markets.

191. The largest market for biodiesel is the European market, and in September 2021 the EU announced that it would continue the anti-dumping measures in place on FAME originating from the US. This leaves limited available markets for US exporters. This increases the likelihood of US exporters entering the UK market.

192. The TRA has established that US exporters are exporting FAME to third countries at a lower price than the UK domestic price. The TRA finds it likely that US exporters could divert exports from other markets to the UK market due to this price differential and the favourable regulatory environment in the UK for FAME.

G10.7.2 HVO

193. We considered whether US exporters would be likely to expand into the UK market over other markets.

194. The largest market for biodiesel is the European market, and in September 2021 the EU announced that it would continue the anti-dumping measures in place on HVO originating from the US. This leaves limited available markets for US exporters. This increases the likelihood of US exporters entering the UK market.

195. Overall consumption of diesel as a road fuel has levelled off in recent years,³¹ ranging from 23.8-24.5 mT between 2016 and 2019. The consumption of FAME has increased as the biofuel content of road fuels increased, within the 7% blend wall. The blend wall is the level of biodiesel blended within mineral diesel that EU motor manufacturers have agreed is acceptable for the use of their vehicles without affecting warranties. In the UK this is set at 7%, hence this is referred to as B7 in the UK.³² This trend is expected to continue over the next five years before levelling off, as the UK increases the mandated level of biofuel

³¹ <https://www.gov.uk/government/statistical-data-sets/energy-and-environment-data-tables-env-table-Env0101>

³² [Compatibility of Biodiesel with Petroleum Diesel Engines \(dieselnet.com\)](https://dieselnet.com/compatibility/biodiesel/petroleum-diesel-engines/)

in road diesel from 9.75% in 2020 to 17.676% in 2032 (this will increase to 14.552% in 2026).³³

G10.7.3 Conclusion

196. The TRA finds it likely that US exporters could divert exports from other markets to the UK market due to this price differential and the favourable regulatory environment in the UK for FAME.
197. The continuation of EU anti-dumping measures in relation to HVO originating from the US means that there may be an increased likelihood of US exporters looking to enter the UK market.

G10.8 Have exporters previously circumvented or absorbed measures?

198. Following the imposition of trade remedy measures in 2009 by the EU on biodiesel imports from the USA in B100 form or blends containing by weight more than 20% of biodiesel, it was observed that US exporters were circumventing these measures via transshipment through Canada and imports of biodiesel below 20% blend level.
199. The EU undertook a circumvention review³⁴ which led to measures being extended to imports of biodiesel consigned from Canada - whether declared as originating in Canada or not, and to imports of biodiesel in a blend containing by weight 20% or less of biodiesel originating in the US.
200. Based on this historical behaviour and the attractiveness of the UK market (as detailed in [Section G10: The attractiveness of the UK market](#)), this indicates an increased likelihood that US exporters would dump if measures were removed.

G10.8.1 Conclusion

201. Based on this historical behaviour and the attractiveness of the UK market, this indicates that it is likely that US exporters would dump if measures were removed.

³³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1015511/draft-si-the-rtfo-amendment-order-2021.pdf

³⁴ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:122:0012:0021:EN:PDF>

G10.9 Conclusion – Likelihood of Dumping

G10.9.1 FAME

202. The TRA has found that US producers would need to export FAME at dumped prices to enter the UK market. The UK is an attractive market due to its regulatory environment and surplus demand. The TRA has found that US exporters are selling to countries at prices below their domestic prices in [Section G8: Anti-dumping measures in other countries](#).
203. The current levels of spare capacity in the US have not been utilised to meet their domestic demand for biodiesel. The TRA considers it likely that US exporters would utilise this spare capacity to export to the UK if anti-dumping measures were removed based on exports and import trends and statements from the US EIA.
204. There is a history of US exporters circumventing measures and US exporters are subject to anti-dumping measures in Peru and the EU. Based on this historical and current evidence, this increases the likelihood of US exporters dumping into the UK market.
205. The UK market is likely to remain an attractive market for foreign exporters, as UK production in relation to FAME does not meet UK consumption, and production levels are unlikely to increase to the level required in order to meet domestic demand for biodiesel in road transport fuels. We consider it unlikely that UK producers will have the incentive to increase production of FAME, or to start producing HVO, and so the gap in the UK between production and consumption will continue to be filled by foreign exports.
206. It is likely that dumping of FAME would occur if the anti-dumping duties were no longer applied.

G10.9.2 HVO

207. The TRA has found that the US would need to export HVO into the UK at dumped prices to compete with UK produced FAME.
208. The projected production capacity of HVO production in the US makes it likely that the US will have an oversupply of biodiesel. Whilst the US is a net consumer of HVO, US exporters also have a high level of inventories of HVO which it could use to close the gap between current and future capacity to export. This means that, despite federal and state mandates for the use of HVO in the US, the US is likely to have an oversupply of HVO which it will not be able to sell in its domestic market. The TRA considers it likely that US exporters would utilise this oversupply of HVO to export to the UK if anti-dumping measures were removed.

209. The UK is an attractive market for US exporters due to its regulatory and business environment. There is no production within the UK of HVO, and so this market is entirely reliant on foreign exports. The TRA has also received submissions from interested parties which supports that there is potential demand for HVO in the UK which is separate from road fuel demand. The TRA considers that this increases the likelihood that US exporters would export HVO to the UK if anti-dumping measures were removed.
210. There is a history of US exporters circumventing EU anti-dumping measures and US exporters are subject to anti-dumping measures in Peru and the EU. Based on this historical and current evidence, this increases the likelihood of US exporters dumping into the UK market.
211. It is likely that dumping of HVO would occur if the anti-dumping measures were no longer applied.

SECTION H: Likelihood of injury assessment

H1. Introduction

212. We are required under regulation 99A(1)(b) of the Regulations to consider whether injury to the UK industry in the relevant goods would occur if the anti-dumping duty was no longer applied (the likelihood of Injury Assessment).

213. In order to conduct the Likelihood of Injury Assessment, we considered:

- the current state of the UK industry;
- undercutting and/or underselling of the UK industry; and
- whether US producers could export quickly and at scale to the UK.

H2. The current state of the UK industry

H2.1 Production

214. Domestic producers comprised 33.5% of the UK market during the POI. Three producers of the like goods in the UK, in order of production volume, are Greenergy, Argent, and Olleco.

Table H.1: UK producers' UK market share, POI

	Mass in mT	Volume in million litres	Percentage of the UK consumption of B100	Percentage of UK production of B100
UK consumption	1,387,000 ³⁵	1,576	100%	
UK production	505,000 ³⁶	573	36%	100%
Total production of Greenergy/ Argent/ Olleco	496,000	562	34%	98%

Source: BEIS and TRA questionnaire responses.

³⁵ Table 6.2 of [BEIS data](#). BEIS data is in litres; this is a converted figure based on 1133.79L/mT

³⁶ BEIS data is in litres; this is a converted figure based on 1133.79L/mT

215. There was no domestic production of HVO in the UK during the POI. The TRA is not aware of any plans to manufacture HVO in the UK in the near future.

H2.2 Consumption

216. The UK market for biodiesel is regulated by the UK government via the DfT, which operates the RTFO. Data obtained from the Department for Business, Energy and Industrial Strategy (BEIS) and National Statistics shows consumption of biodiesel in Table G.7 above.

217. Consumption of biodiesel increased during the period 2016-2019. This is due to the regulation of road fuels in the UK, which required a higher biofuel content in order to meet the UK's greenhouse gas commitments.

218. Consumption of HVO was low in comparison, with 5,975 mT consumed in the UK in 2019.³⁷

H2.3 Sales

Table H.2: UK FAME production domestic sales value – indexed to 2016/17

Domestic sales UK industry financial statements	2016/17	2017/18	2018/2019	2019/2020
Index (2016/17 =100)	100	152	199	226

219. The sales value has increased during the IP and POI from the 2016/7 base due to increased sales volume and increased unit pricing.

H2.4 Profits

220. The TRA did not receive data at the level to be able to differentiate the profit of the goods subject to the review from overall company profit. It was not possible to consider verified data relating to profits for all the companies as they produce other products in addition to the goods subject to review.

221. We found that profits decreased during the IP, recovering in the POI. Profit levels in the POI were affected by the reduction in demand for biodiesel due to the UK lockdown following the COVID-19 pandemic, between March 2020 and June 2020, but they still rose against the previous year. The TRA has not been provided with industry wide data in respect of profits.

³⁷ <https://www.gov.uk/government/statistics/renewable-fuel-statistics-2019-final-report>

222. The fall in profit rate during the IP was accounted for by reduced turnover and increased expenditure on capacity utilisation.

H2.5 Output

223. The UK industry increased output over the IP. Annual data from the DUKES report shows an increase of 49% over the total period (see table G.8).

224. This is accounted for by one plant resuming production in 2017 following a conversion to run on used feedstocks and subsequent increased capacity optimisation.

225. The TRA verified UK producer data which confirmed this increased output trend. The growth in FAME output is due to increased demand as a result of the increased mandate in biofuels in road fuel, and increased plant efficiencies leading to greater production over the IP.

H2.6 Market Share

226. The TRA assessed a range of sources including DfT, BEIS, and the Office of National Statistics (ONS). The DUKES production data has been compared to confidential production data to confirm its reliability.

227. The market share of the UK producers fell between 2016 and 2019 although production increased. Production increased from 338,631 mT to 503,989 mT in the IP, although consumption has risen faster than UK production.

228. The increase in consumption has been met by increased imports of FAME, which account for over 880,000 mT (1,000m litres) of UK demand (almost two thirds of total UK demand).

Table H.3 – Market share analysis of UK producers

UK Biodiesel estimates - DUKES, mT	UK production mT	UK producers' market share	Importers' market share
2016	338,631	54%	46%
2017	460,890	75%	25%
2018	470,565	47%	53%

2019	503,989	36%	64%
----------------------	---------	-----	-----

Source: [DUKES statistics 2017-2020](#)

*The table above is based on annual data January to December and produced by the ONS from DfT data.

H2.7 Productivity

229. Confidential data from UK producers demonstrates the largest input costs of biodiesel (both FAME and HVO) is the feedstock. The process is not labour intensive, and employment costs account for a small percentage (relative to the other costs of production) of the final costs of production, at approximately 9% to 14%.
230. The TRA verified productivity with the two UK producers and established that a small change in the number of employees had a significant effect on the average productivity data. The TRA did not therefore consider productivity per employee to be a good measure for injury.

H2.8 Utilisation of capacity

231. Capacity of UK producers has increased over the IP, as shown in table H.4 below. Verification of the UK industry has shown that the trend indicated by DUKES is correct.

Table H.4 – FAME Capacity of UK industry

UK Biodiesel estimates	Estimated UK FAME capacity mT
2016	475,843
2017	601,620
2018	572,595
2019	606,018

Source: DUKES data. Links in table

232. No new plants have been built in the UK during the IP, but a plant conversion has resulted in an increase in UK production by 49% from 2016. Capacity has risen by 29% in the same period. The UK industry is almost producing at full capacity and without significant investment capacity cannot be increased.

H2.9 Cash Flow

233. The TRA was unable to verify sufficient data to be able to provide a conclusion on industry cash flow.

H2.10 Inventories

234. The TRA was unable to verify inventories due to limited data being available. It was not possible to see a trend in inventories due to the limited information supplied by producers.

H2.11 Employment

235. Employment numbers during the IP increased, although this was not in line with increased capacity. The UK industry directly employed approximately 400 people over the POI.
236. Employment costs constitute a small element of production costs in comparison to feedstock which amounts to over 75% of total production costs, as discussed at paragraph 229/309. Accordingly, a small increase in employee numbers can significantly affect the total indexed amount.

Table H.5: Employment from selected verified UK producers

Total number of employees from financial statements*	2016	2017	2018	2019
Indexed total	100	126	146	184

Source: Verification report UK producers. * Note that this data only looks at employees involved in production.

H2.12 Ability to raise capital or investments

237. The verified UK producers have no current plans to invest further into FAME production plants. During the IP, investment was made in capacity utilisation, which related to converting plants and processes for the use of used and recycled feedstock.

238. The UK producers provided no data for the TRA to consider on their ability to raise capital, or how they anticipated it may change if the anti-dumping duty is removed.

H2.13 Other causes of injury

239. UK verified producers did not identify any other potential causes of injury. We have, however, considered the impact of recent events on injury.

H2.13.1 EU exit

240. The UK withdrew from the EU customs Union after the POI. The uncertainty of the arrangements leading up to the withdrawal may have been within the POI, however the withdrawal itself fell outside the time constraints of this investigation.
241. The questionnaire responses were due in before UK withdrawal from the EU. Therefore, at the time of response there was no definitive decision on the future duties for imports and exports following withdrawal from the customs union.
242. None of the verified UK producers provided data on the effect of the UK's withdrawal from the EU on their business but both Greenergy and Argent confirmed that the effect was less monetary and more administrative, relating to completion of declaration documentation in respect of feedstock origins.
243. Greenergy informed the TRA that they are now subject to a 6.5% import tariff on UK produced biodiesel imported back into the UK from Netherlands. The TRA has not verified the producers' assessments of the withdrawal from the EU.

H2.13.2 COVID – 19 Pandemic

244. The effects of the COVID 19 pandemic are not addressed by any of the interested parties or contributors within their questionnaire responses. The verified producers, Argent and Greenergy advised that demand fell during both periods of UK lockdown – 23 March 2020 and 05 November 2020, however demand recovered thereafter.
245. The pandemic occurred during the POI, up to June 2020. However, the TRA has been unable to quantify the effect of the pandemic.

H2.14 General drop in demand for diesel vehicles/regulated ban on new diesel vehicle sales from 2030

246. While there has been a fall in UK demand for new diesel vehicles³⁸ in 2019 and 2020,³⁹ the effect on vehicle miles has been low. It is likely that the fall in diesel vehicle sales (which is expected to continue until the expected ban on pure diesel car sales from 2030) will be offset by increased demand for biodiesel. The volume of biodiesel in road fuels is set to increase to 12.4% by 2032 (17.676% under new legislation,⁴⁰ expected to come into force on 01 January 2022).
247. It is expected the long-term decline will not harm UK producers in the next five years, although it may in the longer term as demand from road transport for FAME starts to tail off from 2026.⁴¹ UK government predictions show that over the next 11 years there will be a “levelling off” of demand and slight contraction in the demand for biodiesel,⁴² as reducing diesel vehicle sales are offset at first by the increasing bio content in road fuel.

H2.15 Conclusion

248. The UK industry is currently in a stable position, due to the protection it has had from dumped goods from the current trade remedy in place.
249. Production of FAME by UK producers has increased during the IP. At the same time consumption of biodiesel within the UK has increased largely due to the increase in blend rates required under the UK’s RTFO.
250. Sales and output have grown while UK producer market share has fallen, as production has not risen as quickly as consumption, leaving the gap to be filled by imports, largely sourced from Europe.
251. Increased demand for cleaner vehicles and a push towards electric cars, together with the regulated ban on new diesel cars in 2030,⁴³ means that the UK market and its producers are aware of a finite period of demand for FAME.
252. UK producers have limited ability to increase production levels beyond current output without significant investment. Production is close to capacity and the increase in consumption will largely be met through increased imports to compensate for UK producers’ inability to meet demand within the UK market.

³⁸ <https://www.gov.uk/government/statistical-data-sets/veh02-licensed-cars> - table VEH0203

³⁹ www.gov.uk/government/organisations/departments-for-transport/series/road-traffic-statistics

⁴⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1015511/draft-si-the-rtfo-amendment-order-2021.pdf

⁴¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1001880/targeting-net-zero-next-steps-for-the-renewable-transport-fuels-obligation-government-response.pdf

⁴² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1001880/targeting-net-zero-next-steps-for-the-renewable-transport-fuels-obligation-government-response.pdf

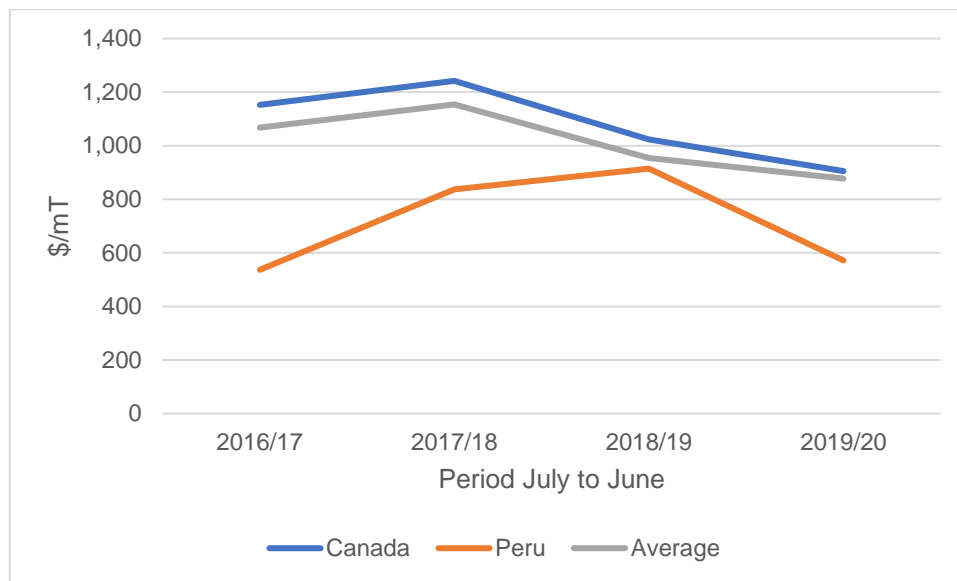
⁴³ <https://www.gov.uk/government/news/government-takes-historic-step-towards-net-zero-with-end-of-sale-of-new-petrol-and-diesel-cars-by-2030>

H3. Undercutting/underselling of UK industry

H3.1 FAME

253. Section G7 shows that US producers have the ability and the incentive to undercut UK producers in order to capture market share.
254. The USITC data in Table G.5 indicates that four of the top five markets to which US producers exported had an average export price below the US domestic price in the POI. Further, data from the USITC (Figure H.1) shows that the US continued to export to Peru despite anti-dumping tariffs being imposed in 2015. Despite anti-dumping duties, the US continues to export to Peru at dumped price levels, although it is possible that this is in part to absorb the duty imposed.

**Figure H.1: Annual US export prices to Canada, Peru, Average in USD/mT
Commodity code 3826.00.00**



Source: USITC

H3.2 HVO

255. Section G2.2 shows that US exporters would need to sell HVO at a dumped price in order to compete with UK FAME on price. The incentive to sell at dumped prices low enough to compete with UK market prices is low. Confidential pricing data presented by contributors show that US exporters obtain a price in excess of the UK market price in other export markets. The TRA has found no evidence that HVO has been dumped in third countries.

H3.3 Conclusion

256. The TRA considers it likely that US producers would sell FAME in the UK market at a dumped price, undercutting UK producers. USITC data indicates that four of the top five US export markets had an average export price below the US domestic price as calculated by the TRA.
257. The TRA does not consider it likely that US producers would undercut UK FAME with HVO.

H4. Are US exporters able to export to the UK market quickly and at volume?

H4.1 FAME

258. Our analysis of US production, capacity, and stocks (as shown in sections G4, G5 and G6) shows that US producers have the ability and may have the incentive to sell significant volumes of FAME into the UK market.

H4.1.1 FAME - Conclusion

259. The TRA is satisfied that the US has stock that would allow it to move quickly, spare capacity in its production facilities to allow it to expand production to meet an export demand, and an incentive to export to FAME to the UK.

260. The TRA is satisfied that, on the balance of probabilities, if the measures were removed US exporters would be able to and would have an incentive to export to the UK at short notice, and in increasing volumes were there an economic advantage for them to do so.

H4.2 HVO

261. Our analysis of US production, capacity and stocks shows that US producers have the ability and may have the incentive to sell significant volumes of HVO into the UK market.

262. The regulated market of the UK is an attractive proposition for a potential new exporter due to the known increased biofuel content rises in road fuels and the high demand for diesel as a road fuel. We therefore consider that there is incentive for US biodiesel producers to export to the UK.

H4.2.5 HVO - Conclusion

263. The TRA is satisfied that the US has stocks of HVO that would allow it to move quickly, spare capacity in its production facilities, and an expectation of significant increase in its capacity in the forthcoming years, to allow it to expand production to meet an export demand, and an incentive to export HVO to the UK.

264. The TRA is satisfied that, on the balance of probabilities, if the measures were removed US exporters would be able to and would have an incentive to export in increasing volumes to the UK at short notice.

H5. Conclusions and findings – Likelihood of Injury Assessment

265. The current measures have been protecting UK industry (which produces FAME) from injury caused by dumped goods. UK producers have increased production and capacity utilisation.
266. The TRA expect that the increased demand for biodiesel will only continue to rise in the short term with the expectation that demand will level off and slightly contract from 2026. UK producers are not able to meet that demand and the shortfall is met by imports.
267. US imports of dumped FAME would have the potential to undersell or undercut the UK industry and could cause a price suppression or depression in the UK market as a consequence. It is likely that dumped US FAME would displace not only EU imports but equally across the whole market. The injury is likely to manifest through reduction in margins as companies attempt to compete, as well as an expectation of loss of market share.
268. There is a lower risk of dumped HVO imports underselling or undercutting the UK industry.
269. US exporters of FAME and HVO would be able to and would have an incentive to export to the UK's regulated and attractive market, were there an economic advantage to them.
270. The TRA's analysis of pricing data indicates that in relation to FAME, US exporters and producers have the ability to enter the UK market at UK market prices. Research shows that exports to third countries have been sold at prices below US market price on a consistent basis (dumped prices) and therefore it is likely that in order to compete and obtain market share, US producers would undercut the UK price by dumping.
271. The risk of injury from HVO is considered low. The significant positive price difference between US HVO and UK FAME, and the ability of the US exporters to sell HVO into third countries at a higher price than UK FAME means that dumping at a price level to compete with UK FAME is unlikely. Any such dumped HVO goods would not injure the UK industry.
272. Considering these factors, on the balance of probabilities, we consider there to be a likelihood of injury to the UK industry by dumped imports of FAME originating from the US, if the current measures were to be removed.
273. We do not consider there to be a likelihood of injury to the UK industry by dumped imports of HVO originating from the US if the current measures were to be removed.

SECTION I: Economic Interest Test

I.1 Introduction

274. The aim of the Economic Interest Test (EIT) is to determine whether our intended preliminary recommendation to vary the measure and apply an anti-dumping amount on the goods subject to review imported from the US and consigned from Canada is in the wider economic interest of the UK. This test is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK.

275. In accordance with paragraph 25 of Schedule 4 to the Taxation (Cross-border Trade) Act 2018, the EIT is met in relation to the application of an anti-dumping remedy if the application of the remedy is in the economic interest of the UK.

276. In order to recommend maintaining the measure under regulation 100A(4)(b) of the Regulations and amending the description of the goods to which the measure applies under regulation 99A(2)(a)(ii) of the Regulations, we must be satisfied that the application of the anti-dumping amount meets the EIT in accordance with regulation 100A(2) of the Regulations.

277. In line with paragraph 25 of Schedule 4 to the Act, the TRA has taken account of the following in conducting the EIT:

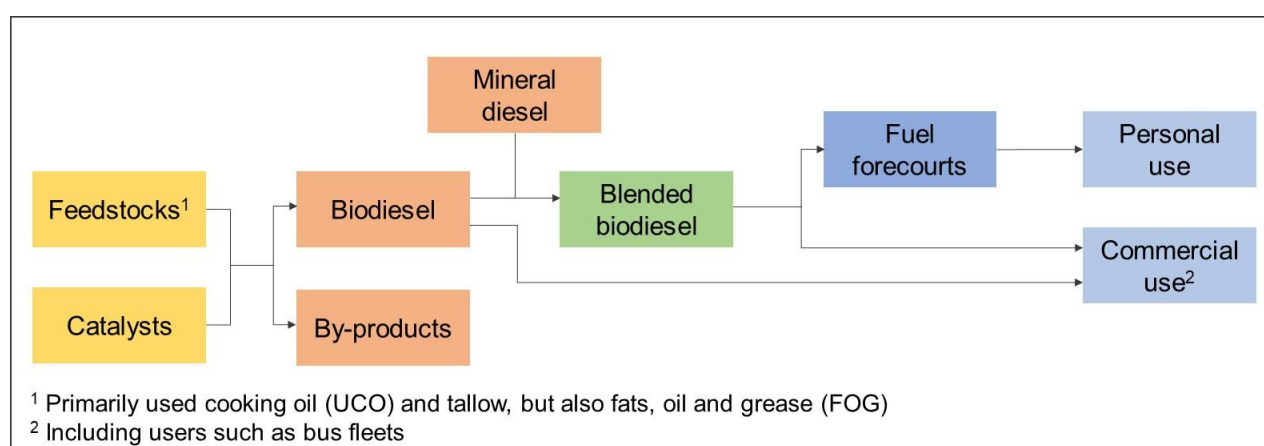
- the injury caused by the dumping of the goods to the UK industry, and the benefits to that UK industry in removing that injury;
- the economic significance of affected industries and consumers in the UK;
- the likely impact on affected industries and consumers in the UK;
- the likely impact on particular geographic areas, or particular groups, in the UK;
- the likely consequences for the competitive environment, and for the structure of markets for goods, in the UK; and
- such other matters as the TRA considers relevant.

278. The injury likelihood analysis in Section H concluded that it was unlikely that US exports of HVO would pose a risk of injury to UK biodiesel producers if the measure were revoked. As a result, the proposed measure does not cover HVO so is not part of the EIT analysis that follows.

I.2 Supply chain overview

279. Biodiesel can be made from a variety of feedstocks and through a number of different processes. Figure I.1 provides a simplified supply chain for biodiesel sold in the UK. UK producers make FAME, primarily from UCO and tallow as well as fats, oils, and greases (FOG). This is blended with mineral diesel by fuel suppliers to meet RTFO requirements for sale at forecourts or sold unblended to some commercial users.
280. Imported biodiesel includes both FAME, which generally requires blending and is used for vehicles, as well as HVO, which can be used unblended in vehicles but may also be used in small quantities for domestic heating. Only the supply chain relating to FAME is considered in our analysis.

Figure I.1: Biodiesel supply chain for the proposed variation of the measure



281. Around one-third of the UK biodiesel market is supplied by UK production, with imports supplying the remainder. There are three domestic producers: Greenergy, the largest and also an importer of biodiesel, Argent and Olleco.
282. Feedstocks are sourced domestically and imported. They are the most significant input to biodiesel production (representing over 75% of production costs). Other inputs include catalysts and methanol, which are understood to be widely available. Glycerine and potassium sulphate are produced as by-products; methanol is distilled and re-used. Glycerine is sold for technical purposes including as a performance enhancer for anaerobic digestion, while potassium sulphate is used for fertilisers.⁴⁴
283. For most end uses, FAME is blended with mineral diesel. Greenergy blends its biodiesel and has 25 supply locations and a haulage operation in the UK to distribute to customers. Argent is also a blender and distributor.

⁴⁴ <https://argentenergy.com/index.php?p=co-products>, accessed 5 November 2021

I.3 Evidence base

284. Our primary evidence sources were the questionnaire responses and written submissions received from interested parties and contributors. The following provided information that was particularly relevant to the EIT assessment:

- Two domestic producers, Argent and Greenergy.
- One importer, Valero.
- One trade body representing UK renewable transport fuel manufacturers including all major biodiesel producers, the RTFA.
- Three upstream businesses that supply UCO to biodiesel producers, Marston's PLC, Sodexo, and The Restaurant Group.
- One upstream trade body representing the tallow industry, the Foodchain and Biomass Renewables Association (FABRA UK), which represents 9 entities.
- One trade body representing businesses involved in the import and downstream segments of the supply chain, the UK Petroleum Industry Association (UKPIA).
- One trade body representing businesses in the downstream segment of the HVO supply chain, the Oil Firing Technical Association Ltd (OFTEC), representing 57 members in the heating and cooking industries. Their questionnaire response included an EIT submission related specifically to HVO. While included here for completeness, the evidence does not relate to FAME so has not formed part of this assessment.
- One contributor, DGD (a US producer of HVO that has never exported to the UK).
- One contributor, Gunvor Intl, a commodities trader that sells like goods into the UK.

285. For further details see the earlier section 'participation in the review'.

286. The TRA has supplemented these submissions with background research and collated additional information. We have also conducted research relating to parties that have not participated in this review, including upstream and downstream industries as well as importers.

287. The sections that follow assess each of the factors of the EIT in turn.

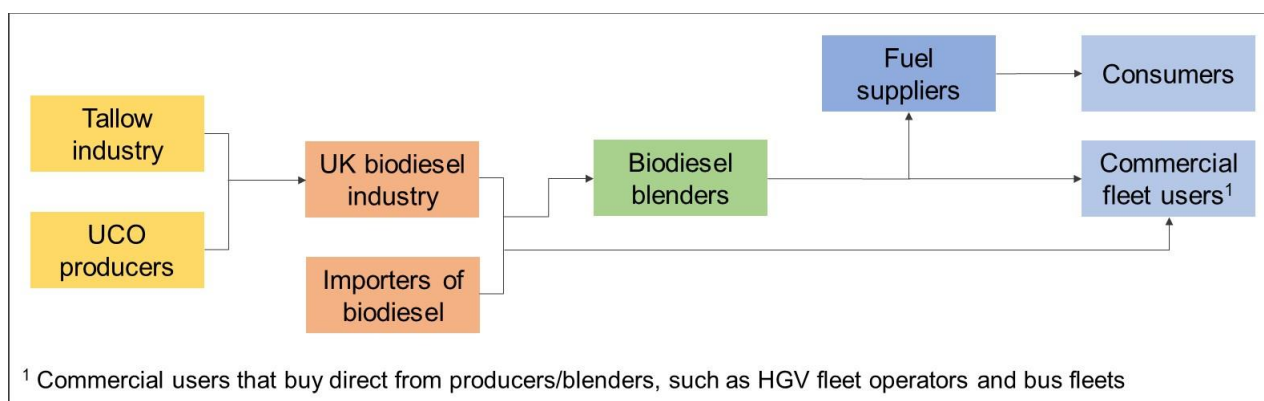
I.4 Injury caused by dumping and benefits to the UK industry in removing injury

288. Sections F and H discuss the results of the necessary or sufficient consideration and injury likelihood assessment.
289. In the necessary or sufficient consideration, the TRA determined that it is not appropriate to recalculate the anti-dumping amount for the US, in the absence of transaction-by-transaction data from foreign exporters, and without any alternative credible data available. On the basis of a lack of data, no recalculations of anti-dumping amounts or injury margins were made.
290. The injury likelihood assessment concluded that injury to UK industry would be likely to occur, were the measures to no longer apply to FAME. Section G established that US imports would be able to meaningfully compete on the UK market, charging lower prices than currently prevail, and that owing to spare capacity the US has the ability to export in large volumes in the short-term. Given the significant price differential between FAME and HVO, the injury likelihood assessment concluded it was unlikely (a probability of less than 50%) that US exports of HVO would pose a risk of injury to UK biodiesel producers if the measures on HVO were revoked. As a result, EIT analysis of the proposed variation of the measure only considers imports of FAME from the US.

I.5 Economic significance of affected industries and consumers in the UK

291. This section considers the relative economic significance of the relevant industries and consumers within the biodiesel supply chain. From the available evidence, the following UK groups have been identified as potentially being affected by the measure:
- **upstream businesses:** suppliers of tallow and UCO;
 - **producers of like goods:** UK producers of biodiesel;
 - **importers:** importers of biodiesel, whether the goods subject to review from the US or like goods from other countries;
 - **downstream businesses:** blenders and suppliers of biodiesel; and
 - **end users,** including household consumers and commercial fleet operators.
292. Figure I.2 provides a simplified diagram of how these groups relate to one another. In reality, some businesses span different groups such as importing, blending, and supplying fuel or importing as well as producing biodiesel.

Figure I.2: UK groups likely to be affected by the measure



I5.1 Upstream businesses

293. The main upstream component of the biodiesel supply chain are the producers of feedstocks, particularly UCO and tallow. UK producers have cited UCO and tallow as their main feedstocks. Other sources include brown grease and FOG (fats, oils, and greases); generally, from the sewer network. Feedstocks, particularly UCO, are also imported for biodiesel production.

I5.1.1 UCO suppliers

294. We are aware of between 20-30 suppliers of UCO to UK biodiesel producers. Three submissions were received from suppliers with own food preparation operations (The Restaurant Group has over 650 restaurants and Marston's has around 700 pubs supplying UCO⁴⁵). For these businesses, UCO supply is not their primary business activity and represents a small proportion of their revenues. This is not the case for some of the other known suppliers, who offer waste disposal services by collecting UCO and fats from restaurants or factories. These suppliers are likely to be smaller in terms of their economic significance than restaurant chains, but their operations may be far more dependent on the biodiesel supply chain.

295. As we have limited information, we have grouped all UCO suppliers together in our analysis. Direct employment and GVA associated with UCO supply activities is unknown; the three contributors employ over 65,000 people in total across their diverse activities. One contributor provided information about their UCO sales revenues however this was confidential and would not be representative of UCO suppliers as a whole so is not presented.

I5.1.2 Tallow suppliers

296. Tallow is categorised according to the health risk it poses. Category 3 tallow has a variety of other uses including for pet food and oleochemicals. Category

⁴⁵ www.trgplc.com/, accessed 8 October 2021 and Marstons non-confidential response.

1 is the highest risk and must be disposed of at approved facilities – generally it would be incinerated or used for combustion instead of gas if not used to produce biodiesel.

297. From FABRA's website, we are aware of 9 renderers producing tallow (some of which are groups, each with a number of entities or sites), and FABRA also advised us of one further non-member. Some tallow suppliers are large, diversified businesses while others are smaller and specialise in animal by-product recycling and rendering. Companies House information was used to assess significance and it was not possible to breakdown the operations of the larger businesses. The estimated GVA for tallow suppliers is GBP467m,⁴⁶ but this over-estimates the significance of tallow. One company represents over 75% of the total and undertakes a variety of unrelated activities such as manufacture of food products.

15.2 UK producers of biodiesel

298. There are three known domestic producers of biodiesel. Based on production levels, Greenergy is the largest followed by Argent and Olleco, whilst Argent also has distribution operations of high biodiesel blends directly to domestic fleet operators, alongside operating a biodiesel production plant in the Netherlands. Argent provided a response to our questionnaire and Greenergy responded to an abridged questionnaire. Combined, they are estimated to represent more than 80% of known domestic biodiesel production. Additionally, Olleco also operate a UCO refinery, UCO biodiesel plant and an Anaerobic Digestion plant; all operating within Liverpool.
299. Estimated GVA from the UK production of biodiesel is approximately GBP14m and direct employment in domestic biodiesel production was around 400 people during the POI. GVA estimates use publicly available Companies House data as above while the employment estimates are based on questionnaire responses.

15.3 Importers of biodiesel

300. Two importers registered their interest in the case: Valero and Greenergy. Greenergy imports around twice as much biodiesel as it produces in the UK. The estimated number of current biodiesel importers is 11, based on publicly available HMRC information. These importers are all diversified energy suppliers including BP, Esso and Shell. While only Greenergy is involved in UK biodiesel production, all the importers are involved in downstream elements of the supply chain as well as wider fuel supply activities. To avoid double-counting, the importers have been grouped with downstream businesses for the significance assessment.

⁴⁶ GVA estimates are based on publicly available Companies House data on operating profit, employment costs, depreciation, and amortisation over the injury period.

I5.4 Downstream businesses

301. As noted above the downstream stages of the supply chain are closely integrated, with biodiesel producers and importers also involved in downstream stages such as blending and distribution. A study for the UKPIA estimated total GVA for downstream businesses and importers to be GBP9.2bn in 2016 (in current prices; or GBP8.6bn as originally published), while up to 120,000 people were estimated to be employed.⁴⁷

I5.4.1 Biodiesel blenders and wholesalers

302. The majority of biodiesel produced in the UK will be blended before it is sold for final use. Both Argent and Greenergy have their own blending and distribution operations, but they also sell to fuel suppliers for their own blending and sale. Once biodiesel has been blended, it effectively joins the road diesel supply chain. The biodiesel may be supplied to forecourts for retail sale or sold direct to customers such as commercial or public transport fleets and industrial users.

I5.4.2 Fuel forecourts

303. Fuel forecourts supply diesel blended with the required level of biodiesel to end consumers. Commercial fleets may use separate facilities. According to the Petrol Retailers Association, in 2020 there were 8,380 petrol stations across the UK operated by 24 major brands as well as minor brands and unbranded locations.⁴⁸ Tesco, BP, Shell, Esso and Sainsbury's are the top five suppliers based on forecourt sales (with market shares ranging from 15.9% for Tesco to 10.2% for Sainsbury's). BP, Esso, and Shell have the greatest number of outlets, each representing between 13% and 14.7% of the total with over 1,000 locations each.⁴⁹

I5.4.3 Direct commercial users

304. We are aware from interested parties that some commercial users buy biodiesel directly from biodiesel producers for their fleets. Some commercial vehicles will need to be adapted to run on 100% biodiesel, so direct sales are understood to represent a small proportion of the market.

305. Where users supply UCO and obtain the resulting biodiesel this creates a 'closed loop' recycling process. For instance, McDonalds supplies its UCO to

⁴⁷ Estimate for 2016 from 'The economic contribution of the UK downstream oil sector', a study by Oxford Economics commissioned by UKPIA, 2019 available at: www.ukpia.com/media/1005/the-economic-contribution-of-the-downstream-oil-sector-evidence-paper.pdf. Inflated to current prices from assumed 2019 base year using GDP deflators at www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp, accessed 4 November 2021. Price base year assumed to be 2019, the year of publication.

⁴⁸ www.ukpra.co.uk/assets/documents/market-review-pra-2021.pdf; accessed 20 September 2021

⁴⁹ Information taken from Petrol Retailers Association, reference as above

Olleco and uses Olleco's biodiesel in its fleet.⁵⁰ Given the distinct 'closed loop' supply chain for this biodiesel, we do not consider this group in detail within the EIT analysis. It is understood that environmental and sustainability considerations motivate the model used, suggesting that such users are unlikely to be influenced by price changes to switch to other (imported) biodiesel.

I4.4 Summary table

306. Table I.1 presents evidence in relation to the economic significance of the potentially affected industries. Based on the available evidence, it appears that the upstream and downstream businesses have greater employment and GVA than the biodiesel producers. However, the estimates are not directly comparable since UK producer data is biodiesel-specific while upstream and downstream estimates are broader than activities directly linked to the biodiesel supply chain. We believe that biodiesel is a significant product for UK producers and upstream tallow suppliers but is less important for upstream UCO suppliers (with the exception of those for whom UCO supply is their primary business) and downstream businesses.

Table I.1: Significance metrics for the industries potentially affected by the proposed measures

	Upstream		Like goods and goods subject to review		Downstream	
	UCO	Tallow	Producers	Importers	Blenders and wholesale	Fuel forecourts
Number of known businesses, of which:	20-30	10	3	11 ⁵¹	14	Over 24 ⁵²

⁵⁰ www.olleco.co.uk/sustainability/biodiesel; accessed 20 September 2021

⁵¹ HMRC UKTradeInfo.

⁵² Market review 2021', Petrol Retailers Association, 2021
www.ukpra.co.uk/assets/documents/market-review-pra-2021.pdf

Registered interest	2	1 trade body ⁵³	3 plus 1 trade body ⁵⁴	2	1 trade body ⁵⁵
Questionnaire responses/submissions	3	1 trade body	2 plus 1 trade body	1	1 trade body
GVA (GBPm), current prices	Redacted	467 ⁵⁶	14 ⁵⁷		9,200 ⁵⁸
Number of employees	Over 65,000	Over 12,000	Around 400		13,000 – around 120,000 ⁵⁹

Source: unless otherwise stated, data has been collated from questionnaire responses, Companies House data and information on known companies' websites (all accessed September 2021).

Due to data limitations, only the estimates of GVA and the number of employees for biodiesel producers are specific to biodiesel. For other groups the numbers represent total known activity which is broader than their contribution to the biodiesel supply chain. Some double counting between producers and the importer/downstream numbers is possible.

I5.5 Consumers

307. Consumers buying diesel at forecourts will be buying a blend of mineral diesel and biodiesel. While 'B7' labelling at the pump identifies the use of biodiesel, many consumers may be unaware that they are buying blended diesel.

308. According to DfT statistics, at the end of 2020 there were almost 12.5m diesel cars registered in the UK, representing 38% of total registered cars.⁶⁰ We did not receive or find any information about the proportion of the pump price of diesel that is attributable to biodiesel. The wholesale fuel price represents around 30% of the diesel pump price⁶¹ so it will be a proportion of that. Based on biodiesel's 7% contribution to the fuel by volume, at a minimum it would

⁵³ FABRA, representing 9 members

⁵⁴ The RTFA, representing the 3 UK biodiesel producers plus other biofuel companies.

⁵⁵ UKPIA, with 8 member companies representing 6 major coastal and inland refineries and over 1,200 domestic filling stations.

⁵⁶ Average over the injury period, based on Companies House data

⁵⁷ Estimate for 2016 from 'The economic contribution of the UK downstream oil sector', a study by Oxford Economics commissioned by UKPIA, 2019 www.ukpia.com/media/1005/the-economic-contribution-of-the-downstream-oil-sector-evidence-paper.pdf. Original estimate assumed to be in 2019 prices and uplifted to current prices.

⁵⁸ Ibid.

⁵⁹ Lower bound estimate based on Business Register and Employment Survey (BRES), provides by the Office for National Statistics for 2019, SIC 46711 (wholesale of petroleum and petroleum products); upper bound based on estimates for 2016 from 'The economic contribution of the UK downstream oil sector', a study by Oxford Economics commissioned by UKPIA, 2019 www.ukpia.com/media/1005/the-economic-contribution-of-the-downstream-oil-sector-evidence-paper.pdf. Upper bound includes fuel for aviation and rail/maritime as well as petrochemicals.

⁶⁰ Department for Transport, car vehicle statistics VEH0203, published 15 July 2021 www.gov.uk/government/statistical-data-sets/veh02-licensed-cars, accessed 20 September 2021.

⁶¹ The RAC Foundation, www.racfoundation.org/data/uk-daily-fuel-table-with-breakdown, accessed 29 October 2021.

represent 2% of the total pump price. As biodiesel is more expensive than diesel the proportion is expected to be greater than this.

309. The demand for diesel is price inelastic because consumers cannot readily switch to other forms of fuel, such as petrol, and may have a limited ability to switch to other modes of transport. Consumers can be vocal about fuel price increases, with protests having previously led to panic buying and fuel shortages.

16. Likely impact on affected industries and consumers

310. This section assesses how prices and quantities along the biodiesel supply chain may change under two scenarios, one where the measure is varied as proposed and one where it is revoked. The possible impacts for affected industries and consumers are then considered. The outcomes under the two scenarios are then compared to provide an assessment of the possible net impact of the measure for affected industries and consumers.
311. We have not been able to quantify these impacts because of the limited amount of data and quantifiable evidence available, but we have assessed the possible impacts as comprehensively as possible based on the evidence available to us. We have also had regard to the factors outlined in the Secretary of State's guidance on the EIT.⁶²

16.1 Prices and quantities if the measure were varied as proposed

312. If the measure was varied as proposed, we do not expect any significant changes to prices and quantities to result. However, the mandated increases in biodiesel consumption mean that quantities consumed are expected to increase over the short-to-medium term. In the longer term, however, a transition towards greener means of transport is expected, with the sale of new petrol and diesel cars and vans ending in 2030. As such, the importance of biodiesel for road transport may decrease beyond the short-to-medium term.
313. Current levels of domestic production are expected to remain largely constant given constraints in domestic production capacity, especially in the short-term, so imports are likely to meet the increased demand resulting from the higher RTFO mandates.
314. Whilst the COVID-19 pandemic led to decreased demand during the first lockdown period in 2020, during verification UK producers reported they did not expect the pandemic to have ongoing impacts on demand or production. The COVID-19 pandemic has increased global shipping prices, which may affect the relative competitiveness of biodiesel sourced from different markets.

⁶² www.gov.uk/guidance/trade-remedies-investigations-directorate-trid-dumping-and-subsidisation-investigations-guidance/economic-interest-test

315. Table I.2 below summarises the expected impacts on the various components of the supply chain if the measure were to be varied as proposed, considering current and anticipated future trends. As the EIT analysis is of the impacts of the proposed measure, the impacts below apply to FAME. Additionally, no evidence was provided to suggest any significant potential impact on the market for by-products of biodiesel if the measure were varied or revoked.

Table I.2: Expected impacts on prices and quantities of affected products if the measure were varied

Products	Prices	Quantities
Upstream products	No change	No change
UK biodiesel	No change	No change
Imported biodiesel	No change	Increase based on previous trends whereby biodiesel is increasingly imported to meet rising demand.
Downstream products	No change	No change

I6.2 Prices and quantities if the measure were revoked

316. If the current measures were revoked, US biodiesel imports would become cheaper, likely by an amount up to the value of the current measures (the current rate for all companies unless otherwise specified is GBP144.10/mT). As discussed in the dumping likelihood assessment, there is available US production capacity that could be used to supply the UK market. The UK is likely to be an attractive market for US exports and the injury likelihood assessment also found that US imports of FAME have the potential to undercut current domestic prices.

317. As discussed in the dumping likelihood assessment, the available production capacity could be used to supply the UK market if the measures were revoked. The assessment found that imports of FAME from the US have the potential to undercut domestic prices, posing a threat of injury to UK producers.

318. The overall demand for biodiesel in the UK is not expected to change if the measure were revoked (beyond the increases expected due to increasing RTFO mandates). The RTFO mandates and overall demand for diesel determine biodiesel demand, and demand is likely to be relatively insensitive to changes in price.

319. If US exporters started undercutting domestic producers, other suppliers would need to reduce their prices to remain competitive. Their ability to do so would be constrained by feedstock prices, which heavily influence biodiesel prices. According to UK producers, cheap imports from the US would make the domestic market unviable for biodiesel produced domestically. In the short term it is expected that rather than reducing production they would increase exports to the EU, which producers identified as a possible course of action, should measures be revoked. EU biofuels policy ensures demand for biodiesel, and the EU's decision to maintain measures against US biodiesel means the market is shielded from potential cheaper US imports. The price and quantity of imports from the US would determine the extent to which UK producers switched from supplying the UK market to the EU market. It is less clear what would happen in the longer term, when it is possible UK production would fall with operations relocating to the EU.
320. If UK producers sought to compete with US imports and continued supplying the UK market, this could put pressure on the upstream feedstock suppliers to decrease their prices. However, as there is a global market for UCO, we consider that there would be limited potential for UK producers to reduce their feedstock costs and it is expected that, in the short term, biodiesel production would continue for export to the EU. Impacts on upstream prices and quantities would be limited in this scenario. In contrast, if domestic biodiesel production were to reduce or stop, there could be some impacts on upstream suppliers. There is global demand for UCO suggesting it could be sold elsewhere: one interested party suggested that UCO could be exported to the EU if domestic demand fell. However, factors including increased transport costs would lead to decreased sales revenues.
321. With imports representing a large share of the market, the response of third country imports to competition from US imports will be an important determinant of the resulting market price. If US imports displace domestic biodiesel, importers' sales could increase overall, while if they displace imports from other countries the impact on importers is less clear. The ability for imports from third countries to compete on price with cheap US imports is unknown because no evidence about it was received from importers, so the overall impact on imports is uncertain.
322. If the measure were revoked, the downstream parts of the supply chain would be expected to benefit from any reductions in the price of biodiesel. Where biodiesel is sold in blended form, the price reductions will be less significant as a proportion of purchase price. Competition between forecourts means that any upstream reductions in price would be expected to be passed through the supply chain (see Section I6.3.5). This would not be expected to affect quantities significantly, however, given the relative price inelasticity: users' demand is for diesel, driven by transportation needs, and they will have a

limited (if any) ability to switch away from biodiesel without changing their vehicle or mode of transport.

323. Table I.3 below summarises the impact upon the various components of the supply chain as a result of the measure being revoked.

Table I.3: Expected impacts on prices and quantities of affected products if the measure were revoked

Products	Prices	Quantities
Upstream products	Downward pressure on prices is possible, however overall prices expected to remain similar.	Limited change to quantities expected if domestic producers continue production for export markets, sustaining demand for feedstocks.
UK-produced biodiesel	UK biodiesel prices could decrease if attempting to compete with cheaper imports, but they may instead stop supplying the domestic market.	If producers compete with imports expect some reduction in quantities and UK market share. If in short-term switch to supplying the EU market, production quantities could remain similar.
Imported biodiesel	Cheap imports from the US would lead to fall in average import price. Unknown whether imports from third countries would respond and compete on price.	Increase in imports from the US. Could mean overall increase in quantities imported if UK biodiesel is displaced. Impact less clear if imports from third countries are displaced.
Downstream products	Price reductions expected to be passed through, although effects muted where biodiesel limited to 7% of overall diesel volume sold at forecourts.	No change/negligible due to price inelasticity of demand.

I6.3 Likely impact on affected industries and consumers

I6.3.1 Upstream businesses

324. If the measure were varied as proposed, demand for upstream inputs is not expected to change as domestic production would be unlikely to significantly change. Prices and quantities of feedstocks are therefore expected to remain stable.

325. If the measure were revoked and UK biodiesel production were to fall, there could be a reduction in the quantities of feedstocks demanded, potentially creating pressure to reduce feedstock prices. If instead UK producers switched to supplying the EU market (at the expense of reduced margins, due to higher transport costs associating with exporting to Europe relative to supplying domestically) this could maintain demand for feedstocks, reducing the risk of negative impacts on upstream industries.

16.3.2 Biodiesel producers

326. If the measure were varied it is likely that UK biodiesel producers would not be impacted, as their circumstances would not change. If variation of the measures, combined with the increasing RTFO mandate, enabled investment and expansion of capacity there could be positive impacts in the longer term in the form of increased production.
327. If the measure were revoked and lower priced imports from the US increased this would likely have a negative impact on domestic producers. With limited ability to compete on price it is possible that their quantities would reduce. However, production could continue if producers could export to the EU but would still be negatively impacted with reduced profitability. Respondents also noted the potential for negative impacts on investment, which could further harm competitiveness over the longer term.

16.3.3 Biodiesel importers

328. Importers of FAME are unlikely to be impacted if the measure were varied as the circumstances for them would not change.
329. Imports from the US would be expected to increase if the measure were revoked. This could have a positive impact on some importers if they were able to increase their sales by selling more competitively priced biodiesel. However, it is uncertain whether imports from third countries would be able to compete on price with US biodiesel. If not, imports from third countries could decrease making the overall impact on importers less clear.
330. It is noted that, compared to the current situation, importers of HVO will benefit from being able to import from the US. This benefit would be the same whether the measure is varied as proposed or revoked, and as HVO is not covered by the proposed measure it is outside the scope of our assessment.

16.3.4 Downstream businesses

331. If the measure were varied, there is unlikely to be an impact on downstream businesses.

332. The expected reduction in price if the measure were revoked could have a positive impact on downstream businesses. Technical constraints (the blend wall) would limit the extent to which demand could increase in response to the reduction in price, but downstream businesses would benefit from reduced costs. It is expected that cost reductions would be passed on to final consumers, which could also limit the benefits to downstream businesses.⁶³

I6.3.5 Consumers

333. If the measure were varied, it is not expected that consumers would be impacted as prices and quantities would continue with their current trends.

334. If the measure were revoked, it is expected that the reduced cost of biodiesel would be passed on to final consumers. The impact on price paid at the pump would depend on the extent of US import penetration and how much it reduced the domestic market price of biodiesel. The assumption of cost pass-through is consistent with DfT analysis, so is considered reasonable. According to the RAC there can be a two-week lag while changes in price work through the supply chain⁶⁴; and the organisation has recently highlighted how price reductions have not been passed on to consumers in a timely manner.⁶⁵ Benefits to consumers from revoking the measure would be lower if reduced costs were not passed on in full.

335. Insufficient evidence has been provided to enable us to develop robust estimates of the possible price impact for consumers, but vehicle and fuel consumption statistics can provide an indication of the possible scale of impact. There were 11.9m diesel cars on the road at the end of 2020⁶⁶, and in 2018 (the most recent data available) diesel consumption by cars and taxis totalled 10.8 million tonnes (12.2bn litres)⁶⁷. On average this means diesel consumption of around 1,000 litres per car each year. Even a small difference in the price per litre could aggregate to a significant cost impact overall – for example, over one year a 1p/litre change would be equivalent to just GBP10 per car (0.8% of

⁶³ DfT analysis of the RTFO assumes there is full cost pass-through to the motorist, so a similar assumption is considered suitable here. Source: DfT (2021), 'Annex A: cost-benefit analysis for next steps for the Renewable Transport Fuels Obligation', accessed 15 September 2021. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1012779/annex-a-cost-benefit-analysis-for-next-steps-for-the-renewable-transport-fuels-obligation.pdf

⁶⁴ RAC, www.rac.co.uk/drive/advice/fuel-prices/what-affects-the-price-of-fuel/, accessed 6 December 2021.

⁶⁵ RAC press release 3 December 2021, 'Retailers take drivers for a ride by hiking petrol prices another 3p in November while wholesale prices fall', <https://media.rac.co.uk/pressreleases/retailers-take-drivers-for-a-ride-by-hiking-petrol-prices-another-3p-in-november-while-wholesale-prices-fall-3148526>, accessed 6 December 2021.

⁶⁶ DfT Vehicle Licensing Statistics: cars, table VEH0203. Accessed 7 October 2021. Available at: www.gov.uk/government/statistical-data-sets/veh02-licensed-cars

⁶⁷ DfT Energy and Environment data tables, table ENV0101, accessed 7 October 2021. Available at: www.gov.uk/government/statistical-data-sets/energy-and-environment-data-tables-env

the estimated average total spend of GBP1,263 per year),⁶⁸ but across all cars would total around GBP120m.

336. While it is therefore possible that impacts on consumers could be significant overall, the impact on individual consumers is not expected to be significant. This is supported by the fact that none of the submissions received have suggested that impacts on consumers are a concern. Publicly available analysis of the RTFO by DfT was considered for further information on the costs of biodiesel to consumers, but no biodiesel-specific price impacts were found. DfT consulted on proposed amendments to the RTFO in March 2021, including an increase in the RTFO main obligation. According to the government response to the consultation,⁶⁹ 81 out of 84 respondents supported an increase to the main obligation, with three thinking it should stay the same and none saying it should decrease. While the RTFO is a separate policy with its own objectives, we could infer from this that the overall cost of biodiesel to motorists is not a wider concern, which suggests the possible benefit to consumers if the measure were revoked may not be significant.

Table I.4: Expected impacts on affected groups if the measures were to be varied as proposed rather than revoked

Group	Expected impacts
Upstream businesses	Overall small positive impact. The demand for upstream inputs is derived from the demand of biodiesel produced within the UK. Varying the measure as proposed would therefore preserve the upstream market.
UK biodiesel industry	Overall positive impact. Varying the measure would protect domestically produced biodiesel from likely undercutting by cheaper US biodiesel. Domestic production, sales and profits would be sustained.
Biodiesel importers	Overall small negative impact. Importers would not benefit from being able to source cheaper imports from the US.
Downstream businesses	Small negative impact overall. Downstream suppliers would not be able to benefit from cheaper biodiesel.

⁶⁸ Based on average fuel prices during the POI, published by BEIS at www.gov.uk/government/statistical-data-sets/oil-and-petroleum-products-weekly-statistics, accessed 29 October 2021

⁶⁹ DfT, 'Targeting next zero – next steps for the Renewable Transport Fuel Obligation: government response', July 2021. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1020709/targeting-net-zero-next-steps-for-the-renewable-transport-fuels-obligation-government-response.pdf, accessed 15 September 2021

Consumers	Negative impact, potentially sizeable overall. Consumers would not be able to benefit from lower costs. Individual impact might not be significant (since biodiesel only 7% of the fuel bought by diesel drivers) but on aggregate impacts could be sizeable.
------------------	---

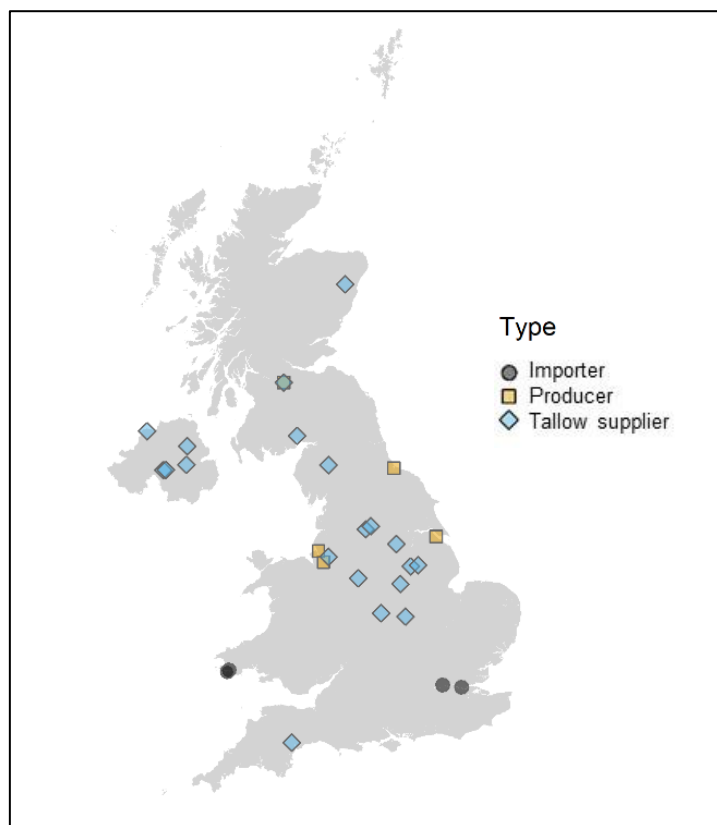
17. Likely impact on particular geographic areas or particular groups

337. The previous section assessed the overall impacts of the proposed measures. This section looks at how these impacts are distributed. The TRA considers how impacts are likely to be distributed by geography and whether any particular groups might be disproportionately impacted.

17.1 Likely impact on particular areas

338. Figure I.3 below shows the locations of the known upstream, production and import biodiesel entities. This shows there is distribution across the UK, with numerous upstream businesses in the Midlands and Northern Ireland. Downstream entities are omitted from the graph given a lack of information and the number and nationwide distribution of fuel forecourts.

Figure I.3: Map illustrating geographical locations of entities within the biodiesel supply chain.



Sources: questionnaire responses and FABRA UK website, www.fabrauk.co.uk/our-members, accessed 28 October 2021

Contains National Statistics data © Crown copyright and database right 2020 and 2021 and OS data © Crown copyright and database right 2020 and 2021

I7.2 Upstream businesses

339. As UCO is sourced from across the UK (for instance, 700 of Marston's pubs supply UCO) we do not expect any particular geographic impacts related to this group.
340. Based on the locations listed on FABRA's website, tallow producers operate across 19 local authority areas, with locations in England, Scotland, and Northern Ireland. Mid Ulster is the only local authority with more than one producer. Comparing local authority working age population data to Companies House data for the listed producers suggests that tallow producers are not a significant source of local employment, representing less than 1% of the total working age population across all locations for which data was available.⁷⁰ This represents an upper bound estimate because not all employment will be linked to biodiesel and some suppliers have other food processing/production operations. As such, regional impacts are expected to be limited.

I7.3 UK producers

341. UK producers operate across six local authorities. Across all areas, the employment linked to biodiesel is significantly less than 1% of the local working age population. This suggests that significant geographic impacts for this group are unlikely.
342. Some biodiesel production sites are in relatively more deprived areas. Considering economic activity and unemployment rates as well as average earnings, four of the locations fall within the bottom 20% of local authorities on at least one of these statistics, which were North Lanarkshire and Liverpool for economic activity, North Lanarkshire and Stockton-on-Tees for the unemployment rate and North East Lincolnshire for average earnings.⁷¹ Therefore, while overall biodiesel employment in each area is not significant, it is noted that job losses in these areas could be more damaging than if they were to occur in less deprived areas as it could be harder to find new employment opportunities.

I7.4 Importers

⁷⁰ Based on data sourced from NOMIS, <https://www.nomisweb.co.uk/>. Working age population data not available for Northern Ireland.

⁷¹ Based on data sourced from NOMIS, <https://www.nomisweb.co.uk/>

343. We have limited data on importers of biodiesel owing to limited participation in the case. We are aware of three local authorities in which they are based, one of which is for a London-based headquarters which means there could be operations elsewhere.
344. Local authorities where importers operate are not typically within the bottom 20% of UK local authorities. From this, we expect that these local authorities are less likely to experience geographic impacts.

17.5 Downstream businesses

345. We have limited information on regional impacts for this part of the supply chain. However, considering that downstream entities include fuel suppliers such as fuel forecourts, we expect downstream stakeholders to be distributed across the UK. As such, downstream geographical impacts are expected to be limited.

17.6 Overall geographic impacts

346. The potential cumulative impacts have also been considered, noting that there could be multiple entities across the supply chain located within the same area. Only two instances of this have been identified:
- Two tallow producers in Mid Ulster
 - One biodiesel producer and one tallow producer in North Lanarkshire
347. For North Lanarkshire, the combined employment was found to be significantly less than 1% of the total working age population. This suggests that cumulative impacts would not be expected to have any significant regional impacts. Cumulative employment data for Mid Ulster was unavailable.
348. The available evidence does not suggest that there are areas where a significant proportion of local employment is likely to be affected by the proposed measure. Some upstream tallow producers and biodiesel producers are located in regions that are relatively deprived. As such any job losses in these locations could have a greater impact than in areas that are relatively less deprived.

18. Likely impact on particular groups

349. The TRA considered the likely impact on particular groups including those with protected characteristics as defined by the Equality Act 2010.
350. No party provided any evidence with respect to potential impacts on any particular groups, either as workers or consumers. There is nothing in the

available evidence to suggest that any particular groups will be affected by the extension, revocation, or variation of the measure.

I9. Likely consequences for the competitive environment

351. The assessment of likely consequences for the competitive environment and structure of the UK biodiesel market considers the impact on the:

- number or range of biodiesel suppliers,
- ability of biodiesel suppliers to compete,
- incentives to compete vigorously, and
- choices and information available to consumers.

I9.1 Background

352. The RTFO effectively guarantees a certain level of demand for biodiesel by making consumers' demand for biodiesel a derived demand based on the demand for diesel.

353. The TRA has estimated market shares for the UK biodiesel market using production and sales data verified from questionnaires, supplemented by biodiesel consumption statistics⁷². UK production is estimated to represent around one-third of UK biodiesel consumption, with the remainder supplied by imports. The difference between market shares across producers is substantial, with Greenergy a significantly larger producer than Argent and Olleco. Greenergy also imports around twice as much biodiesel as it produces in the UK, making it the biggest player in the market with a significant overall share of the UK market.

I9.2 The impact on the number or range of suppliers

354. In addition to the three domestic producers, we are aware of 11 importers during the injury period based on HMRC's UKTradeInfo. DfT identifies a total of 34 suppliers⁷³ operating in the renewable fuels market in 2019. As biodiesel is just one segment of this market, the estimate of 34 firms is considered to represent an upper-bound of the number of biodiesel suppliers.

⁷² DfT, RTFO Statistics, www.gov.uk/government/statistics/renewable-fuel-statistics-2019-final-report, Table RF_0101, accessed 7 September 2021. It should be noted that we only have UK consumption data on a provisional basis for 2020 but this has been used alongside final 2019 data in our analysis and we do not expect any revisions to affect our analysis.

⁷³ Department for Transport (2020): Renewable Fuel Statistics 2019 Final Report. Accessed 6 July 2021. Available from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/932933/renewable-fuel-statistics-2019-final-report.pdf

355. If the existing measure were varied, it is expected that the number and range of suppliers would remain largely constant, especially within the short-term. Over time, it is likely that the number or range of suppliers will evolve: DfT statistics show that 4 new renewable fuel suppliers entered the market between 2018 and 2019.⁷⁴ As biodiesel is a developing market some changes are to be expected over time regardless of whether the current measure is varied or not. Additionally, barriers to entry within the biodiesel industry do exist, including in the form of technological barriers, alongside technological and regulatory restrictions.
356. If the measure were revoked the number of suppliers could increase, with US suppliers better able to enter the market and compete. However, a revocation of the measure may drive domestic producers out of the UK market, who have stated that they may be forced to export production to the EU.

19.3 Impact on the ability of suppliers to compete

357. Interested parties have stated that the UK biodiesel market is competitive, with prices following EU and internationally set prices. This seems to be supported by the number of suppliers in the market, and although it is noted that Greenergy has a significant market share, international competition means the competitive forces could be greater than indicated by the number of suppliers and their market shares.
358. We found no evidence to suggest that if the measure were varied as proposed it would impact the ability of suppliers to compete compared to the current competitive environment. Varying the measure is expected to continue to limit supply of US biodiesel to the UK market.
359. Revoking the measure could increase competition by enabling US biodiesel to enter the market. However, if UK producers left the market this could offset some of the increases in competition. With technological and regulatory barriers to entry it is considered more likely that existing suppliers would buy US biodiesel, rather than new entrants joining the market.

19.4 Impact on the incentives to compete vigorously

360. The TRA has received no evidence that varying the measure would impact on suppliers' incentives to compete vigorously. Producers stated within their submissions to the TRA that the UK biodiesel market is highly competitive. The higher price point of HVO could act as an upper bound for FAME prices, providing some price pressure for suppliers of FAME to maintain competitive pricing. While Greenergy has a sizeable market share the market still appears

⁷⁴ As above.

to be competitive because all fuel suppliers have to compete in a global market for the biodiesel they import.

361. If the measure were revoked and there was an increase in imports from the US at competitive prices it can be anticipated that the incentive to compete vigorously could increase further.

I9.5 Impact on the choices and information available to consumers

362. We found no evidence to suggest that the information available to consumers would be affected if the measure were to be varied as proposed, compared to the current competitive environment. Similarly, if the measure were revoked, it is not expected that the information available to consumers would be impacted. Under both scenarios, imports of HVO from the US could become more readily available, which could increase the choices available to consumers – including those who could use HVO for heating as well as users of it for transportation.

I10. Other factors/such other matters as we consider relevant

363. As part of the EIT assessment, the TRA has to consider any other factors that may be relevant in concluding whether the proposed trade remedy measures are in the economic interest of the UK.
364. Considering environmental arguments raised by interested parties and contributors during this transition review, renewable transport fuels deliver approximately 33% of the Government's carbon emissions reductions targets,⁷⁵ whilst the creation of an economic market for upstream inputs, including UCO, prevents the disposal of such in an environmentally adverse manner, which may create fatbergs within the sewerage system, with resulting long-term economic costs.
365. Biodiesel has a lower carbon emissions impact than mineral diesel, and biodiesel produced from sustainable sources can have other environmental benefits, such as diverting waste oils to productive streams. Indeed, FAME, as produced in the UK from UCO, is more environmentally friendly relative to US-produced SME given reduced land, water, and energy use. It is recognised that the UK biodiesel market, through the RTFO, is intended to increase uptake of sustainable low carbon fuels. We have not been able to assess the economic impacts arising from environmental considerations in further detail based on the available evidence.

I11. Form of measure

366. Within the EIT, we have also considered the most appropriate form of measure to recommend, in particular whether any changes to the length or scope of

⁷⁵ Renewable Transport Fuel Association Questionnaire Response

measure would best minimise the negative impacts of the measure on some parties while retaining the overall benefits.

367. When measures on biodiesel originating from the US were originally imposed, the European Commission considered a specific duty to be most appropriate for effective implementation given that the measures would apply to biodiesel in different blends.
368. We found no evidence suggesting that a different form of measure than the variation we intend to propose would be more appropriate. The recommended form of measure remains a specific duty with a duration of five years.

112. Conclusions

369. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of an anti-dumping remedy if the application of the remedy is in the economic interest of the UK. This test is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK.
370. Following the likelihood assessments, our intended recommendation is to vary the measure on imports of biodiesel from the US, remaining in place at the same level for the reduced scope of goods and extending the duration for five years. In this section we have considered whether this would be in the economic interest of the UK.
371. In the injury section, we concluded that it would be likely that UK producers would incur injury if the measure were to be revoked. Section G established that dumped US imports would be able to meaningfully compete on the UK market, charging lower prices than currently prevail, and that owing to spare capacity the US has the ability to export in large volumes in the short-term.
372. In the significance section, we found that the biodiesel industry contributes around GBP14bn in GVA to the UK economy. The analysis also found that the downstream industry (including importers) is relatively more significant than the upstream industry and domestic producers, although biodiesel-specific data was only found for the producers, so statistics are not like-for-like. Biodiesel production provides a revenue stream for the waste products used as feedstocks that in many cases would not otherwise have a market. This supports wider sectors such as the restaurant and hospitality industries. Biodiesel forms part of the downstream oil supply chain, which is highly integrated. As such the downstream sectors are economically significant but much of this is not directly attributable to biodiesel.
373. Within the impacts section, we found that varying the anti-dumping measure for FAME is likely to benefit domestic producers and upstream industries. Varying the measure would enable producers to maintain their market shares and

domestic sales. This would ensure a continued market for the upstream feedstock industries, as it has been established that the demand for upstream inputs is generated by domestic biodiesel production. In contrast, revoking the measure could lead to cheaper US biodiesel imports displacing UK producers. UK production could fall or be exported to Europe, reducing profitability. The downstream industry could benefit from cheaper imports, however impacts are not expected to be significant due to the breadth of the downstream industry and because price changes are expected to be passed through to consumers. Consumers would benefit from lower prices if the measure were revoked, and although the price impact is unknown it is recognised that a large number of drivers would be affected. As the demand for biodiesel is derived from the demand for diesel (which is relatively price inelastic) through the RTFO, quantities demanded of biodiesel are not expected to be affected whether the measure is varied or revoked.

374. In the section assessing the likely impacts on particular geographic areas and particular groups, we did not find that there were likely to be any substantial geographic impacts from varying or revoking the measure. Employee numbers were found to be low relative to the local area in all cases suggesting regional impacts would be unlikely. We found no evidence to indicate that particular groups, including those with protected characteristics as defined within the 2010 Equality Act, would be impacted.
375. In the competition assessment, we found that the biodiesel market is relatively concentrated in terms of fuel suppliers but relies on imports for which there is global competition. If the measure were varied as proposed, no significant impacts on the competitive environment and structure of the UK market are expected. Revoking the measure would mean US imports could compete at lower prices, making it difficult for domestic producers to compete. It is uncertain whether imports from third countries could compete on price. While the source of biodiesel is expected to change if the measure were revoked, it would likely be the existing importers and suppliers who would switch toward buying US biodiesel rather than new entrants joining the market.
376. In accordance with regulation 100A(2)(a) of the Regulations, we must be satisfied that any application of an anti-dumping or anti-subsidy remedy meets the EIT. This test is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK.
377. We have identified the following key positive impacts of varying the measure, as compared to revoking it:
- Benefits to UK biodiesel producers from removing the likelihood of injury, enabling them to maintain their market shares and revenues. Revocation could entail potential job-losses resulting from the closure of the UK's biodiesel production facilities. The RTFA stated within their questionnaire response that an estimated 1,675 jobs are directly associated with the

biodiesel industry and production is located in economically disadvantaged areas. The RTFA also expressed concern that revocation of the measure could deter future investments in new renewable fuel production facilities. Furthermore, a domestic producer has also stated that a revocation of the measures would negatively impact investment appetite for waste-based biodiesel production in the UK.

- Benefits to upstream feedstock suppliers whose income from feedstock sales would fall if the UK biodiesel producers suffered injury.

The key negative impacts of varying the measure are:

- Importers and the downstream supply chain would not be able to benefit from cheaper biodiesel from the US, although with price changes expected to be passed through to consumers benefits are considered unlikely to be significant.
- Consumers would not benefit from any lower prices resulting from cheaper US imports. While no evidence was provided on how much biodiesel costs the consumer, even small individual price impacts could be large on aggregate. However, the impact on prices if the measure were revoked is also uncertain, and they might not reduce by the amount of the measure, for instance if domestic supply fell and wasn't replaced by cheaper imports or if savings weren't fully passed-through.

378. Considering how the costs and benefits of varying the measure might compare, it is possible that the aggregate costs for consumers could be greater than the benefits of addressing the injury to UK industry because almost 12m diesel cars are owned in the UK. However, none of the submissions received suggested impacts on consumers were a concern, and our consideration of publicly available sources did not identify any evidence suggesting consumers could be disproportionately impacted, or that they have been impacted by the current measures which have been in place since 2009. It is also noted that in DfT's recent consultation on the RTFO, 81 of 84 respondents supported an increase to the main obligation which would increase costs for consumers, which could suggest the overall cost of biodiesel to motorists is not a major concern.

379. Without evidence of the possible consumer price impacts, it is uncertain how the potential negative impacts on consumers compare to the benefits to producers and upstream suppliers. As the default presumption is that the EIT is met, we only consider the test not to be met if the negative impacts on the UK economy are disproportionate to the need to remove injury to the UK industry. Based on the information identified, costs do not appear disproportionate to the need to remove the injury to UK industry. More complete evidence on the impacts on consumers of varying the measure would help assess whether costs are likely to be disproportionate or not. It is possible that such evidence could lead us to conclude that EIT is not met.

380. Based on the evidence available and having considered all of the factors listed in the legislation, under the default presumption we conclude that the Economic Interest Test is met for the proposed variation of the anti-dumping duties.

SECTION J: Preliminary Findings and Intended Final Recommendation

J1. Preliminary findings

- It is likely, on the balance of probabilities, that dumping of FAME from the US and consigned from Canada, would occur if the anti-dumping duty were no longer applied.
- It is likely on the balance of probabilities, that injury to the UK industry would occur from importation of FAME from the US and consigned from Canada if the anti-dumping duty were no longer applied.
- It is likely, on the balance of probabilities, that dumping of HVO from the US and consigned from Canada would occur if the anti-dumping duty were no longer applied.
- It is likely on, the balance of probabilities that injury to the UK industry would not occur from importation of HVO from the US if the anti-dumping duty were no longer applied.
- The application of the anti-dumping duty meets the EIT.

J2. Intended Final Recommendation

381. Our intended recommendation is to vary the application of the anti-dumping amount under regulation 100A of the Regulations. As it has not been possible to recalculate the anti-dumping amount, we recommend maintaining the measure under regulation 100A(4)(b) of the Regulations and varying the description of the goods to which the measure applies under regulation 99A(2)(a)(ii) of the Regulations for a period of five years from 30 January 2021.
382. The description of the goods to which the measure applies will be varied to exclude the goods known as “paraffinic gasoil obtained from hydro-treatment, of non-fossil origin” from the application of the measure, classified under the following UK general tariff codes:

27 10 19 43 21
27 10 19 43 29
27 10 19 43 30
27 10 19 46 21
27 10 19 46 29
27 10 19 46 30
27 10 19 47 21
27 10 19 47 29

27 10 19 47 30

383. These goods will be removed from category 1 and 2 descriptions of the goods, so that the measure will apply to biodiesel as follows:

“Category 1 Goods (biodiesel, pure or blend, greater than 20% biodiesel content)”

Fatty-acid mono-alkyl esters (FAME) and/or paraffinic gasoil obtained from synthesis 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 of non-fossil origin, originating in the United States of America and consigned from Canada.*

AND

Category 2 Goods (biodiesel, blend, less than 20% biodiesel content)”

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

384. The UK tariff codes to which the measures will be maintained and will continue to apply will be as follows:

15 16 20 98 21	27 10 20 11 21	38 26 00 10 20
15 16 20 98 29	27 10 20 11 29	38 26 00 10 29
15 16 20 98 30	27 10 20 11 30	38 26 00 10 50
15 18 00 91 21	27 10 20 16 21	38 26 00 10 59
15 18 00 91 29	27 10 20 16 29	38 26 00 10 89
15 18 00 91 30	27 10 20 16 30	38 26 00 10 99
15 18 00 99 21	38 24 99 92 10	38 26 00 90 11
15 18 00 99 29	38 24 99 92 12	38 26 00 90 19
15 18 00 99 30	38 24 99 92 20	38 26 00 90 30

385. Annex 1 specifies the duties to be maintained and applied to the goods described or imported under the above UK tariff codes. The duties specified in Annex 1 will not apply to goods produced by an overseas exporter listed in Annex 2. In the absence of any data, we have maintained the form and levels of the original EU measures that are the subject of this review.

Annex 1: Duty amounts for Category 1 and 2 goods

Foreign Country	Overseas exporter	AD duty rate GBP per tonne net
Canada	All overseas exporters (except those specified in Table 2)	144.109
US	All overseas exporters	144.109
US	Cargill Inc., Wayzata	Nil

Annex 2: Exception to duty on category 1 goods for specified overseas exporter

Foreign Country	Overseas exporter
Canada	Biox Corporation, Oakville, Ontario
Canada	Rothsay Biodiesel, Guelph, Ontario
Canada	DSM Nutritional Products Canada Inc., Dartmouth, Nova Scotia

Annex 3: EU Anti-dumping duties

Company	AD duty rate EUR per tonne net	TARIC additional code ⁷⁶
Archer Daniels Midland Company, Decatur	68.60	A933
Cargill Inc., Wayzata	0	A934
Green Earth Fuels of Houston LLC, Houston	70.60	A935
Imperium Renewables Inc., Seattle	76.50	A936
Peter Cremer North America LP, Cincinnati	198.00	A937
World Energy Alternatives LLC., Boston	82.70	A938
Co-operating non-sampled producers	115.60	See Annex of EC Council Reg no.599/2009
All other companies	172.20	A999

EC Council Regulation no. 599/2009

⁷⁶ From 1 January 2021, the UK initiated a new tariff regime called the UK Global Tariff (UKGT) to replace EU TARIC codes. The TARIC codes listed are the tariffs that applied at the time of the measures.

Annex 4: Definitive anti-dumping duties imposed by EC Regulation 444/2011

Foreign country or territory	Overseas exporter	AD duty rate EUR per tonne net
Canada	All overseas exporters (except those specified in the table below)	172.20

Exception to duty on Category 1 goods above

Foreign country or territory	Overseas exporter	TARIC additional code
Canada	BIOX Corporation, Oakville, Ontario, Canada	B107
Canada	Rothsay Biodiesel, Guelph, Ontario, Canada	B108

Annex 5: Information from participants in the review – UK industry

Party	Submission(s)
Argent	<p>Pre-sampling Questionnaire</p> <p>Questionnaire</p> <p>Additional submissions:</p> <p>Response to Request for further information on product scope</p>
Greenergy	<p>Pre-Sampling Questionnaire</p> <p>Questionnaire</p> <p>Additional submissions:</p> <p>Response to Request for further information on product scope</p>
Olleco	<p>Pre-sampling Questionnaire</p> <p>Additional submissions:</p> <p>Response to Request for further information on product scope</p>

Annex 6: Information from participants in the review – US exporters

Party	Submission(s)
Kolmar Americas Inc.	Pre-sampling Questionnaire
RBF Port Neches LLC	Pre-sampling Questionnaire
Renewable Energy Group Inc.	Pre-sampling Questionnaire
Vitol Inc.	Pre-Sampling Questionnaire
World Energy	Pre-sampling Questionnaire
Gunvor USA LLC	Pre-Sampling Questionnaire

Annex 7: Information from participants in the review – Importers

Party	Submission(s)
Valero Energy Limited	Pre-sampling Questionnaire Questionnaire Additional submissions: Response to Request for additional information on imports

Annex 8: Information from participants in the review – Foreign government

Party	Submission(s)
Trade Law Bureau (Canada)	Pre-sampling Questionnaire
Embassy of the United States	No pre-sampling Questionnaire submitted

Annex 9: Information from participants in the review – Trade Bodies

Party	Submission(s)
National Biodiesel Board (NBB)	Pre-sampling Questionnaire
Renewable Transport Fuel Association (RTFA)	<p>Pre-sampling questionnaire</p> <p>Questionnaire</p> <p>Additional submissions:</p> <p>Response to Request for further information on product scope</p> <p>Comments relating to product scope</p>

Annex 10: Information from participants in the review – Contributors

Party	Submission(s)
The Restaurant Group	Response to EIT related questions
Marston's PLC	Pre-sampling Questionnaire Questionnaire Additional submissions: Response to EIT related questions
Diamond Green Diesel ("DGD")	Pre-sampling Questionnaire Questionnaire Additional submissions: Addendum Questionnaire Submission on Product Scope Follow up submission on product scope Response to submissions on product scope
Gunvor International BV, Amsterdam	Questionnaire Additional submissions:

	Response to Request for further information on product scope
Mitchell and Webber Limited	Pre-sampling Questionnaire Additional submissions: Submission on HVO Further submission on scope
UK & Ireland Fuels Distributors Association Limited (UKIFDA)	Questionnaire
UK Petroleum Industry Association (UKPIA)	Questionnaire
Foodchain and Biomass Renewables Association (FABRA UK)	Submission on EIT
Sodexo	Submission on EIT
Oil Firing and Technical Association Ltd (OFTEC)	Questionnaire