



Department for
International Trade

Transition Review of anti-dumping and countervailing measures

Cases TD0004 and TS0005: Biodiesel originating in the United States of America and consigned from Canada

Request for further information on the goods subject to review

Period of Investigation:	1 July 2019 to 30 June 2020
Injury Period:	1 July 2016 to 30 June 2019
Deadline for response:	22 February 2021
Case Team Contact:	TD0004@traderemedies.gov.uk (dumping) or TS0005@traderemedies.gov.uk (subsidies)
Completed on behalf of:	Gunvor International B.V., Amsterdam, Geneva Branch

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

- Confidential
 Non-confidential – will be made publicly available

Please note that you will have to provide **two copies of your response** - a **Confidential** and a **Non-confidential version**. Both copies should be returned to TRID using the Trade Remedies Service (www.trade-remedies.service.gov.uk) by **22 February 2021**.

The transition review in cases TD0004 and TS0005 to which you have registered an interest, covers biodiesel originating in the United States of America and consigned from Canada, described as:

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

These goods are currently classifiable within the following commodity codes:

Dumping and Subsidy:

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

The goods described above are referred to as the 'goods subject to review' within the current transition review.

A registered contributor made a submission on 05 January 2021 regarding product scope. The submission can be viewed here: <https://www.trade-remedies.service.gov.uk/public/case/TD0004/submission/45e923b4-02cd-4ec8-9b71-f18d1acf0fce/>. We seek further information from your company and/or industry members that you represent regarding the description of goods referred to above. We therefore invite you to answer the following questions to help inform our review.

1. Do you have any comments regarding the scope of products that are the subject of the current measures? Please provide any relevant information which you think would be useful in the box below and include any evidence which supports your claims and would help illustrate this.

We believe the scope of the products that are originating from the USA and consigned from Canada and are subject to antidumping and countervailing measures should not be changed.

The reason for introducing the measures in the first place was to protect the European industry against the unfair competition from the US imports. US biofuels industry has been benefiting from a favourable taxation policy, at both Federal and State levels, for many years. The US administration has been implementing year after year the so-called Biodiesel Tax Credit at the value of USD 1.00 per gallon (that is the equivalent of about USD 264 per m³ or USD 300 per tonne), and although there have been few years during which the tax credit had expired, the US authorities have established a tradition of reinstating the tax credit in a retroactive manner. Although it is called the Biodiesel Tax Credit, it is applicable to both biodiesel (FAME) and renewable diesel (HVO). In its current form, qualified taxpayers may claim the tax credit, at USD 1.00 per gallon, when the required amount of biodiesel or renewable diesel is blended with petroleum diesel for sale or use in a trade or business. Ever since it was introduced, the significant amount of biodiesel blended with diesel in the proportion of 99% of biodiesel and 1% of diesel was imported into the European Union (reaching up to 16% of total biodiesel demand in the EU in 2007) which resulted in the substantial decline of the European production. After the first imposition of the anti-dumping and anti-subsidy measures in July 2009, duties were then circumvented via Canada which led to the imposition of anti-circumvention measures in 2011.

We believe that exclusion of the renewable diesel (HVO) from the product scope will have a negative effect on the British industry, not only the biodiesel industry but also oil refining industry, leading to significant decrease of economic production, lower tax incomes and higher unemployment costs.

At current prices, the difference between price of HVO class 1 (which is the main type of HVO blended in Europe) and price of RME (biodiesel produced from rapeseed oil) is abt 300 USD (which is exactly the value of the Biodiesel Tax Credit), and the difference between the price of HVO class 1 and the price of UCOME (biodiesel produced from used cooking oil, predominantly used on the UK market) is abt 180 USD. This means that if there were no protective measures on the imports of HVO from US, biodiesel (FAME) blending would cease to exist, bringing current UK producers to closure.

Refiners across Europe and worldwide are taking steps to reduce their crude processing capacity in light of falling products demand and increasing

decarbonisation goals and converting their fossil fuel refineries to renewable fuels plants, either partially (by co-processing renewable feedstocks) or completely (by completely eliminating crude oil and use renewable feedstocks). Some refineries in the UK have also started the conversion process, like Phillips 66 (begun in 2018, now working on increasing production of renewable fuels at Humber refinery) and Essar Oil UK (JV with Fulcrum to produce SAF - sustainable aviation fuel). If there are no protective measures on the imports of renewable diesel from the US, these investments would most probably have to be stopped and no further investments in the renewable fuels will be made. As together with growing imports of renewable diesel, there will be also growth of SAF (Sustainable Aviation Fuel) once the production in US also grows.

Strong competition from the US produced renewable diesel may lead to the situation that 100% of the Renewable Transport Fuel Obligation will be fulfilled by US imports.

Allowing unlimited import of HVO can also stimulate the imports of diesel from US as finished blended products which can further impact the economics of oil refineries in the UK and bring more closures and business shutdowns. Many US refineries have and are further converting their oil refining process into co-processing of renewable feedstocks and producing blended finished fuels.

Appendix reference: N/A

2. Thinking about the chemical, technical, physical, and other relevant factors, how does FAME/biodiesel compare to HVO?

It is true that there are chemical, technical and physical differences between FAME and HVO.

However, both products were developed with the same goal - which is blending with diesel in order to decrease the GHG emissions from the transportation sector. Both products compete for the same markets and customers, and even for the same feedstocks. FAME production process is less complicated and thus less expensive, which still allows blending it with diesel, in spite of inferior product characteristics compared to HVO, as presented in the Submission on Product Scope dated 05 January 2021. With growing ambitions for decarbonisation and increasing mandatory blending, there is a need to blend also HVO as FAME faces technical barrier of max 7% volumetric limit in the diesel EN 590 norm. Blending HVO on top of FAME allows reaching higher targets of GHG emissions reductions. This way both products exist

and are used by fossil fuel producers and distributors, in spite of different chemical characteristics.

We believe the future blending should be based on both products to allow most economical way to achieve Renewable Transport Fuel Obligation.

Appendix reference: N/A

3. Do you have any further comments to make in relation to the Submission on Product Scope dated 05 January 2021? Please include any evidence which supports your claims.

As explained above, we believe product chemical or technical characteristic should not be the base for review of the scope of products that are subject to existing measures, but rather the impact of the product on the UK market and economy.

We also showed that the difference in price between renewable diesel and biodiesel is not significant enough to make the USD 300 per tonne US Biodiesel Tax Credit not relevant to the economics of blending. We believe that the price comparison should be made using the prices of the type of HVO mostly used in Europe, that is Class 1, that can be the most probable product imported from the US, being the cheapest one.

We also cannot agree with the argument that there is limited supply of renewable diesel in Europe. As investments into stand-alone renewable diesel plants and co-processing units at the existing refineries continue growing, we are seeing production of HVO doubled from approx. 2.2 million tons in 2016 to 4.4 million tons in 2021. We expect HVO production to reach abt 7 million tons over the next 4 years.

Appendix reference: N/A

Certification

By providing the information above, you acknowledge that your company may be asked to complete a detailed questionnaire and TRID may ask to visit your premises in order to verify the questionnaire response.

The undersigned certifies that the information supplied herein is correct and complete to the best of their knowledge and belief.

The undersigned certifies that they have the authority to supply the information contained herein on behalf of

Signature (including e-signature):

Name:

Position at company:

Date: 22 February 2021