CONFIDENTIAL

Marston’s – EIT questions

We aim to accurately understand the biodiesel supply chain to help assess our case including biodiesel production and blending, upstream production, and downstream production.

# Upstream production

We know that Marston’s supplies used cooking oil (UCO) within the upstream section of the supply chain. We are interested in Marston’s input to help us understand how UCO supply and biodiesel production depend on each other and the relationship to the wider economy. We are keen to know more about the size and dependence of UCO supply on production and blending of biodiesel.

Please tell us about how UCO supply depends on links to the production and blending of biodiesel.

* How much does Marston’s and more generally the restaurant/food/hospitality sector depend on selling UCO for producing and blending biodiesel?
  + Our understanding is that most of the used cooking oil produced in the UK is sold to produce biodiesel in the UK. Certainly, at Marston’s we have been selling our UCO for biodiesel production for several years.
* We understand from Marston’s contributor questionnaire that £60m of revenue could be lost. Can you explain how this was estimated or give supporting calculations?
* What are Marston’s and total UK sales of UCO and how much is purchased by the UK biodiesel industry?

We are especially keen on any data that Marston’s can provide on economic factors regarding its circa 700 establishments that provide UCO. In particular, for the establishments that provide UCO:

* The location of operations. We operate 1500 pubs in the UK, of which 700 pubs produce cooking that Marston’s is responsible for. The remaining sites either don’t have a food offer or are tenanted/leased.
* Total employment and remuneration.
* Total Revenue.
* Annual exports (of UCO, if any).

# Competition and pricing questions

We would be interested in any evidence that Marston’s has on current pricing of UCO.

* What is the price per unit of UCO (for UK market too if known)?
* Marston’s suggested in its contributor questionnaire that the UCO price could drop by 30p/litre. Can you explain how this was estimated or give supporting calculations? We were informed by members of the biodiesel industry that in order to compete with subsidised biodiesel from the US prices of UCO would have to fall by about 30p / litre in the event that there were no anti-dumping duties.
* Numerically, to what extent might price changes be passed along the supply chain? For example, if the biodiesel price changed by x% how much might the UCO price change?
  + We do not have information about this but are aware that the price of UCO is closely linked to the price of biodiesel (UCOME) and that there is a close correlation between the two.

# Other

If you have any other evidence about possible economic effects on the supply chain or UK economy if the existing measures on biodiesel imports from the US were no longer applied, we welcome it.

Used cooking oil provides a significant revenue stream for Marston’s and others in the hospitality sector, for what is a difficult to handle waste stream. Without a countervailing duty this could adversely affect the supply chain in the UK and the economy associated with it. The product of used cooking oil is a sustainable fuel source being produced in the UK that we don’t think should be disincentivised by foreign subsidy.