Final Recommendation

Transition review of countervailing measures on Biodiesel originating in Argentina

Transition Review No. TS0044

22 April 2025

Contents

SECTION A: Introduction

1. This section briefly summarises the legal framework for this Final Recommendation to the Secretary of State for Business and Trade (the Secretary of State) and the Trade Remedies Authority (TRA)'s findings. The TRA's main findings, the background to the review, and further detail on all aspects are set out in the remaining sections.

2. This document sets out our recommendation and the essential facts on which we have based our recommendation. It should be read in conjunction with other public documents available for this case on the public file. Its purpose is to set out our recommendation to the Secretary of State.

3. For further guidance and information regarding transition reviews please see our public guidance.

A1. Legal framework

4. This recommendation is made pursuant to regulations 100(1), 100(2)(a)(i) and 100A of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (the Regulations).[1] In accordance with regulation 100(2)(b) of the Regulations, it includes:

    - a description of the goods to which the recommendation relates;
    - the names of overseas exporters;
    - a summary of the review; and
    - the reasons for the recommendation.

5. Pursuant to regulation 100(1E) of the Regulations, and for the reasons set out in Section I.11 (Conclusions on Economic Interest Test), we advise the Secretary of

[1] Statutory Instrument 2019/450, as amended.

State that we consider that the variation of the countervailing measure in accordance with our recommendation meets the Economic Interest Test.

6. In addition, in accordance with regulation 100A(2) of the Regulations, when making a recommendation to vary the measure we must:

    - have had regard to the current and prospective impact of the countervailing amount;
    - include the following information:
        - the countervailing amount;
        - the goods or the description of the goods to which the countervailing amount applies; and
        - the period for which the countervailing amount is to apply.

A2. About the Review

7. This is a transition review of a United Kingdom (UK) trade remedies measure under regulation 97(2)(b) of the Regulations. The UK measure, as set out in Taxation notice 2020/26, gives effect to the European Union (EU) trade remedies measure specified in the Notice of Determination 2020/26. The relevant EU measure is set out in the Commission Implementing Regulation (EU) 2019/244 of 11 February 2019.

8. This review concerns a countervailing duty applying to biodiesel originating in Argentina. This review was initiated on 5 October 2023 and the Notice of Initiation (NOI) was published on the same date. The scope of the transitioned measure is detailed within the NOI and defined in Section E (The goods and like goods). The commodity codes associated with this review were updated on the public file on 20 November 2023, following an update to the commodity codes by His Majesty's Revenue and Customs (HMRC) that came into effect on 17 August 2023.

9. The Period of Investigation (POI) for the review is 1 October 2022 to 30 September 2023. To assess injury, we examined the period 1 October 2019 to 30 September 2023 (the Injury Period, or IP).

10. On 8 November 2024, pursuant to regulation 62 of the Regulations, we published our Statement of Essential Facts (SEF). We received a submission in response to the SEF from the Government of Argentina (GOA). We have responded to the GOA's submission in Section D (Statement of Essential Facts publication and comments).

SECTION B: Summary and Findings

B1. Interested parties and contributors

11. The following interested parties and contributors registered to this transition review:

UK producers:

- Argent Energy (UK) Limited (Argent)
- Olleco
- Greenergy Fuels Limited (registered as an importer) (Greenergy)

UK trade bodies:

- Renewable Transport Fuels Association (RTFA)

Overseas producers:

- Aceitera General Deheza S.A. (AGD)
- COFCO International Argentina S.A.
- LDC Argentina S.A.
- Molinos Agro S.A.
- Viterra Argentina S.A.
- Cargill SACI
- Bunge Argentina S.A.

Argentinian trade bodies

- Cámara Argentina de Biocombustibles (CARBIO)

Foreign government

- GOA, through its Ministry of Foreign Affairs, International Trade & Worship of Argentina (MRECIC)

Contributor

- Foodchain and Biomass Renewables Association (FABRA)

12. Relevant non-confidential submissions made to this review are available on the public file.

B2 Scope

13. As further explained in Section E3.1. (Sustainable Aviation Fuel (SAF)), pursuant to regulation 99A(2)(a)(ii) of the Regulations, we considered whether the goods or the description of the goods to which a countervailing amount is applicable should be varied.

14. In the SEF, we proposed that the description of the goods subject to review be amended to explicitly exclude SAF from the application of the countervailing measure currently under review.

15. From publicly available information, we understand that SAF is a different good (based on different production processes, raw materials used, limited interchangeability, price differentials, etc.) and was not intended to be included within the scope of the EU Commission's investigation and resulting measure.

16. For ease of reference, we recommend to the Secretary of State that the goods subject to the countervailing measure under review are described as follows:

> *"Fatty-acid mono-alkylesters or paraffinic gasoils obtained from synthesis or hydrotreatment of non-fossil origin in pure form or as included in a blend, excluding sustainable aviation fuel, in pure form or as included in a blend."*

B3 Likelihood of Subsidised Imports Assessment

17. In accordance with regulation 99A(1)(a) of the Regulations, we assessed whether importation of the subsidised goods subject to review would be likely to continue or recur if the countervailing amount were no longer applied to those goods (the likelihood of subsidised imports assessment). We determined that it is likely, on the

balance of probabilities, that importation of the subsidised goods subject to review from Argentina would recur if the measure was no longer applied to those goods.

B4. Likelihood of Injury Assessment

18. In accordance with regulation 99A(1)(b) of the Regulations, we considered whether injury to a UK industry in the like goods would be likely to continue or recur if the countervailing amount were no longer applied to the goods subject to review (the likelihood of injury assessment). We determined that it is likely, on the balance of probabilities, that injury to the UK industry in the like goods would recur if the measure was no longer applied to the goods subject to review.

B5. Economic interest test (EIT)

19. Having considered all evidence gathered, including that presented by interested parties and contributors, and all factors listed in the legislation (see paragraph 25 of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 (the Act)), we have concluded that varying the measure as proposed is unlikely to cause any disproportionate negative effects as compared to the benefits of removing injury. Therefore, we advise the Secretary of State that we consider that variation of the measure in accordance with our final recommendation would meet the Economic Interest Test, in accordance with regulation 100(1E) of the Regulations.

B6. Final recommendation to the Secretary of State

20. 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 countervailing amount to the relevant goods.

21. Our final recommendation is to vary the application of the countervailing amounts pursuant to regulations 100(1), (2)(a)(i) and 100A of the Regulations, so that it applies to the goods subject to review imported from Argentina into the UK until 13 February 2029 – that is, five years subsequent to the date when the measure would have otherwise expired (13 February 2024) had no transition review been

initiated. We did not receive any compelling reasons to consider whether it was appropriate to recalculate the countervailing amounts. Further, without data from overseas producers submitted in this review, as well as no or minimal imports of the goods subject to review during the POI and IP, it has not been possible to recalculate the countervailing amounts. Pursuant to regulation 100A(4)(b) of the Regulations, we recommend maintaining the countervailing amounts applicable to the goods subject to review set out in Taxation Notice 2020/26.

22. We also recommend to the Secretary of State that the description of the goods subject to the countervailing measure under review is varied, pursuant to regulation 99A(2)(a)(ii) of the Regulations. We recommend that those goods are described as follows:

"Fatty-acid mono-alkylesters or paraffinic gasoils obtained from synthesis or hydrotreatment of non-fossil origin in pure form or as included in a blend, excluding sustainable aviation fuel, in pure form or as included in a blend."

23. We found no evidence suggesting that a form of measure, other than the variation we propose, would be more appropriate.

24. We make this final recommendation on the grounds that we have assessed that it is likely that the importation of the subsidised goods subject to review would recur if the measure were no longer applied to those goods; that injury is likely to recur to the UK industry in the like goods if the measure were no longer applied to the goods subject to review; and that we consider that the variation of the measure in accordance with our final recommendation meets the EIT.

25. In reaching this final recommendation, we also considered the current and prospective impact of the countervailing measure, pursuant to Regulation 100A(2)(b) of the Regulations.

SECTION C: Background

C1. Initiation of the transition review

26. The UK chose to maintain some trade remedy measures once it was outside EU's common external tariff. The Department for International Trade (DIT) (now the Department for Business and Trade (DBT)) identified which measures were of interest to the UK following a call for evidence.

27. For each of these measures, the Secretary of State for International Trade (now the Secretary of State for Business and 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, pursuant to regulation 96A of the Regulations. The TRA conducts transition reviews to determine if the measure should be varied or revoked in the UK.

28. On 31 December 2020, the Secretary of State published Notice of Determination 2020/26 regarding the countervailing duty on biodiesel originating in Argentina, noting the decision to transition the EU countervailing measure, so it continued to apply in the UK once the UK ceased to apply the EU's Common External Tariff. Taxation Notice 2020/26 gave effect to the transition of the EU countervailing duty on biodiesel originating in Argentina, to become an additional amount of UK import duty.

29. On 5 October 2023, the TRA published a Notice of Initiation to initiate a transition review of the UK countervailing measure relating to biodiesel originating in Argentina.

C2. Previous measures in place

30. The Commission's previous measure (Commission implementing regulation (EU) 2019/244), of 11 February 2019, imposed countervailing duties on imports of

biodiesel originating in Argentina. This measure, as applied in the UK, is subject to this transition review. On 9 February 2024 the commission launched an expiry review.

C3. Our transition review process

C3.1 The transitioned measure

31. Under regulation 97C of the Regulations, the transitioned measure as applied in the UK, will continue until the Secretary of State publishes a notice accepting or rejecting a recommendation following a transition review.

32. The rate of countervailing duty which applies to the goods subject to review exported by the relevant companies is detailed in Annex B.

C3.2 Information from participants in the review

33. The TRA invited interested parties and contributors to register in order to participate in the review. Annex A outlines a summary of information received from all interested parties and contributors.

34. The TRA received an extension request from Greenergy to submit a registration of interest. The TRA granted an extension until 1 November 2023. The registration of interest was received by the TRA on 9 November 2023 and then published to the public file on 13 November 2023. The TRA determined that accepting Greenergy's registration of interest after the deadline extension had expired did not impede the progress of the review.

35. The TRA received extension requests from Argent, Greenergy, the RTFA and Olleco to submit their questionnaire responses. The TRA granted these parties an extension until 19 January 2024. Questionnaire submissions via the Trade Remedies Service (TRS) were received by Argent, Greenergy and Olleco on 19 January 2024. The RTFA's questionnaire response on 19 January 2024 was not received due to a technical issue, which resulted in the TRA accepting the RTFA's submission via email on 7 February 2024. All submissions were published to the

public file as follows: RTFA (9 February 2024); Greenergy (24 May 2024); Olleco (24 May 2024); Argent (7 June 2024). The length of time required to complete the deficiency process resulted in a delay in publishing the questionnaires to the public file.

C3.3. UK producers

36. Three of the largest producers of biodiesel in the UK registered an interest in the case: Argent, Olleco, and Greenergy. Argent and Olleco submitted full producer questionnaires. Greenergy submitted an importer questionnaire, which the TRA accepted, although it does not import from Argentina.

37. We are aware of some very small UK producers, who we contacted prior to initiation. None of these parties registered an interest as producers or provided questionnaire responses in this review.

C3.4. Overseas producers from Argentina

38. Overseas exporters and overseas producers that registered their interest in the case are included in Annex A: Interested parties and contributors.

39. The TRA did not receive questionnaire responses from any of the registered overseas producers.

C3.5. Foreign Government

40. The GOA registered its interest in the case through the MRECIC. MRECIC submitted both a pre-sampling questionnaire response and questionnaire response to the TRA.

41. On 27 November 2024 the GOA notified the TRA that any submission made in response to the SEF would be submitted following expiry of the deadline (set at 23:59 GMT on 29 November 2024). The GOA made a submission in response to the SEF on 11 December 2024. This is addressed in Section D: The Statement of Essential Facts publication and comments.

C3.6. Trade Bodies

42. CARBIO registered to the case and submitted a questionnaire response on 22 December 2023 which was published on 5 February 2024. CARBIO is a non-profit trade association for the biofuel industry in Argentina, the following companies are members of CARBIO:

    - AGD
    - Bunge
    - Cargill
    - Explora
    - LDC Argentina
    - Molinos Agro
    - COFCO International
    - Unitec Bio
    - Viterra

43. The RTFA registered an interest in the case; they submitted a pre-sampling questionnaire response and full questionnaire response to the TRA.

C3.7. Contributors

44. FABRA registered an interest in the case, they submitted a pre-sampling questionnaire response to the TRA.

C3.8. How we have checked and used submitted data

45. We initially checked Argent's questionnaire submission and annexes for completeness and whether the information was considered to be verifiable. We checked Olleco's submission and considered whether this information was verifiable. During these checks, deficiencies relating to responses and non-

confidential submissions were resolved before additional verification work commenced.

46. We conducted an onsite walkthrough of Argent's accounting system at its offices on 28 February 2024. We conducted further verification activities at Argent between 25 and 29 March 2024 where we were provided with information relating to Argent's sales, costs, processes and transactional data. Details of this verification work can be found in Argent's verification report available on the public file. With the exception of the factors of cashflow and investments, we obtained sufficient assurance to conclude that it is reasonable for us to treat the information received from Argent as complete, relevant and accurate for the purpose of informing this review.

47. We conducted an onsite walkthrough of Olleco's accounting system at its plant in Liverpool on 27 February 2024. Although the data submitted by Olleco was considered to be verifiable, not all of the data requested was submitted. As a result, we were unable to undertake all of the verification activity that we considered necessary to give ourselves the level of assurance on the completeness, accuracy and relevance that we consider appropriate. This has limited our ability to use the data provided. We have used the data where the limited assurance that we have, is satisfactory. We have not completed and published a verification report for Olleco.

48. Greenergy completed an importer questionnaire, and the data submitted was considered to be verifiable. In the absence of the data which would have been included in a producer questionnaire, we considered that the data provided was of limited relevance to this review. This data has not been used.

49. Secondary source information, including but not limited to, official import statistics and data pertaining to relevant markets, was also used in accordance with the Regulations. This secondary source information was treated with special circumspection and, where practicable, verified using independent sources.

50. We have used data from the Renewable Transport Fuel Obligation (RTFO), published by the Department for Transport (DfT) as our primary source of data. There are five provisional reports published annually with data and then one final report. The most recent final report published is Renewable fuel statistics 2022: Final report, which is the report that we have used for this assessment. DfT publishes on the UK market size in monthly periods. As such, we were able to reach a figure closer to the POI by composing the data by month.

51. HMRC data in this review is of limited use as we have been unable to determine whether the commodity codes include blends of ultra-low sulphur diesel (ULSD). This transition review focuses specifically on the biodiesel element, whether in pure form or included as a blend which means that any ULSD represented in the HMRC data is likely to significantly inflate the data. It is not possible to remove any ULSD component as the goods subject to review can be blended at different ratios for different purposes. Consequently, HMRC data has been used solely for the purpose of assessing imports.

52. Throughout this transition review, we have used submitted data as part of our evidence base upon which we have made our assessments and formed our conclusions on the basis set out above. We have compared submitted evidence against the totality of relevant evidence available to us – whether this is evidence submitted by other interested parties, evidence taken from TRA data subscriptions, or publicly available data from governmental, industry and other sources.

53. We have also used submitted data to corroborate or gain a level of assurance on the accuracy, authenticity and/or relevance of the data itself, or other evidence submitted to us or gathered by us.

54. We did not receive compelling reasons to consider whether it was appropriate to recalculate and, because of a lack of participation from overseas producers, as well as no or minimal UK imports of goods subject to review during the POI and IP, it was not possible to recalculate those amounts. We therefore made the decision to not recalculate the countervailing amounts for the transitioned measure.

SECTION D: Statement of Essential Facts publication and comments

D1. SEF publication

55. On the 8 November 2024, the TRA published the SEF for this case (TS0044), in accordance with regulation 62 of the Regulations.

56. Following publication of the SEF, the TRA invited interested parties, contributors and any other parties who supplied information to the TRA to make submissions in response. The deadline for submission of comments was specified as before 23:59 GMT on 29 November 2024, pursuant to regulation 62(2) of the Regulations.

57. On 27 November 2024 the GOA notified the TRA that, should they make a submission, it would be after the deadline had expired. The GOA noted that the TRA could consider submissions after the deadline had expired, but that it was not obliged to do so if this would cause an unnecessary delay in preparing the final recommendation.

58. On 11 December 2024 the GOA made a submission in response to the SEF. These comments have been addressed in the following paragraphs. The TRA did not receive any other submissions in response to the SEF.

D1.2. The original investigation

59. The GOA made a number of comments relating to findings and conclusions in the original EU investigation, and to the imposition of the original EU measures. Whilst the TRA notes the GOA comments regarding the original investigation, they are not relevant to the review process carried out during this transition review and are not therefore commented upon by the TRA in this final recommendation.

60. It is noted that the TRA must apply UK legislation (including the Regulations) when conducting transition reviews. The purpose of this review is to determine whether

the existing countervailing measure should be varied or revoked. In doing so, the TRA considered the likelihood that the importation of subsidised goods would continue or recur, and the likelihood that injury to the UK industry would continue or recur. Regarding the former, we outlined our conclusions within the SEF under Section F - Likelihood of subsidy assessment (see also Section G (Likelihood of subsidy assessment) below).

D1.3. Conduct of the review and use of evidence

61. The GOA commented that, within their questionnaire submission of 22 December 2023, information and explanations were provided about the functioning of the subsidy schemes associated with this review and that it had "*indicated its total disposition to offer additional information*."[2]

62. The TRA carefully considered the comments made by the GOA in its questionnaire submission dated 22 December 2023, and these comments were addressed throughout the SEF. The TRA was communicative with the GOA throughout this transition review, and at no point did the GOA offer or provide any additional supporting evidence or alternative sources for the TRA to consider outside of its questionnaire submission

63. The GOA commented on the TRA's obligations under the World Trade Organization (WTO)'s Agreement on Subsidies and Countervailing Measures (SCM Agreement), the TRA's use of information from secondary sources, and the TRA's impartiality and objectivity in relation to this review.

64. The GOA states that *"the* [Investigating Authority] *is still bound by the obligation set forth in Article 21.4 of the SCM Agreement which demands the application of the standard of Article 12 to reviews conducted pursuant to Article 21"*[3] and that *"instead of requiring actual information through the GOA from the agencies*

[2] TRA Investigations - Trade Remedies Service - GOV.UK (Paragraph 16)
[3] TRA Investigations - Trade Remedies Service - GOV.UK (Paragraph 14)

responsible of implementing the schemes under review, [the TRA] *chose to use certain secondary sources of information."*[4]

65. It is noted that, where interested parties refuse access or otherwise do not provide necessary information within a reasonable period, or significantly impede the progress of the investigation the TRA has the discretion, in accordance with the Regulations, to make a determination on the basis of information obtained from secondary sources as facts available (see regulation 47(5) of the Regulations). This is consistent with the TRA's obligations under the SCM Agreement (see Article 12.7).

66. The TRA considers that 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.

D1.4. Santa Fe Provincial Law Tax Exemption

67. The GOA commented that the Santa Fe Provincial Law Tax Exemption is not automatic, or mandatory, and that an approval process must be met, and renewed year by year. The GOA commented that, based upon "*information provided by the Provincial Revenue Authority of the Province of Sante Fe, no certificate of exemption has been granted or renewed to a biodiesel producer since 2020 to date*."[5]

68. The TRA acknowledged in the SEF that the Santa Fe Provincial Law Tax Exemption is not automatically granted, and that an approval process must be met, as set out by the Santa Fe Government.

69. As explained in the SEF, as the TRA has not had participation from any overseas exporters located in the Province of Santa Fe, there is no evidence to suggest that

[4] TRA Investigations - Trade Remedies Service - GOV.UK (Paragraph 15)
[5] TRA Investigations - Trade Remedies Service - GOV.UK (Paragraph 18)

these overseas exporters have not been granted a certificate or authorisation to benefit from the tax exemption scheme.

70. Whilst the GOA states that no certificate of exemption has been granted or renewed to a biodiesel producer since 2020, it has not provided any evidence to support this statement. As such, the TRA is unable to consider this further.

D1.5. Export taxes

71. The GOA commented on the importance of export taxes as a source of fiscal revenue and pointed to the commitment of the new administration "*to make wide ranging reforms oriented to the modification or elimination of regulations considered to have distortive or restraining effects on economic activities, including export taxes.*"[6]

72. The TRA has acknowledged the reforms that the new administration intends to make, however the TRA has not received any evidence to suggest that the export tax on soybeans will be removed over the next five years.

[6] TRA Investigations - Trade Remedies Service - GOV.UK (Paragraph 21)

SECTION E: The goods and like goods

E1 Description of the goods

73. The goods subject to review is Biodiesel originating in Argentina and exported to the UK, described in the NOI as:

> *"Fatty-acid mono-alkyl esters or paraffinic gasoils obtained from synthesis or hydro-treatment, of non-fossil origin, in pure form or as included in a blend."*

74. The commodity codes under which these goods are categorised are:

1516 20 98 21	1518 00 99 32	2710 19 47 39	3824 99 92 15
1516 20 98 22	1518 00 99 39	2710 20 11 21	3824 99 92 16
1516 20 98 23	2710 19 43 21	2710 20 11 22	3824 99 92 19
1516 20 98 29	2710 19 43 22	2710 20 11 23	3826 00 10 20
1516 20 98 31	2710 19 43 23	2710 20 11 29	3826 00 10 21
1516 20 98 32	2710 19 43 29	2710 20 11 31	2816 00 10 22
1516 20 98 39	2710 19 43 31	2710 20 11 32	3826 00 10 29
1518 00 91 21	2710 19 43 32	2710 20 11 39	3826 00 10 50
1518 00 91 22	2710 19 43 39	2710 20 16 21	3826 00 10 51
1518 00 91 23	2710 19 46 21	2710 20 16 22	3826 00 10 52
1518 00 91 29	2710 19 46 22	2710 20 16 23	3826 00 10 59
1518 00 91 31	2710 19 46 23	2710 20 16 29	3826 00 10 89
1518 00 91 32	2710 19 46 29	2710 20 16 31	3826 00 10 90
1518 00 91 39	2710 19 46 31	2710 20 16 32	3826 00 10 91
1518 00 95 10	2710 19 46 32	2710 20 16 39	3826 00 10 99
1518 00 95 11	2710 19 46 39	2710 20 16 91	3826 00 90 11
1518 00 95 19	2710 19 47 21	2710 20 16 92	3826 00 90 12
1518 00 99 21	2710 19 47 22	2710 20 16 99	3826 00 90 13
1518 00 99 22	2710 19 47 23	3824 99 92 10	3826 00 90 19
1518 00 99 23	2710 19 47 29	3824 99 92 11	3826 00 90 31
1518 00 99 29	2710 19 47 31	3824 99 92 13	3826 00 90 32
1518 00 99 31	2710 19 47 32	3824 99 92 14	3826 00 90 39

E2 Like goods

75. Like goods are defined for the purposes of this transition review as goods which are like the goods subject to review in all respects or, if there are no such goods, goods which, although not alike in all respects, have characteristics closely resembling the goods concerned (see paragraph 7(1) of Schedule 4 to the Act).

76. In identifying like goods, the TRA has considered:

- Physical likeness, such as physical characteristics;
- Commercial likeness, including competition and distribution channels;
- Functional likeness, such as end-use or interchangeability;
- Similarities in production, such as method and inputs; and
- Other relevant characteristics.

E3. Assessment of the goods

77. We did not receive any submissions that the goods manufactured in the UK were not like the goods subject to review. Further, our own analysis of questionnaire responses and sales data demonstrated that the like goods have characteristics closely resembling or identical to the goods subject to review.

78. Having considered the goods manufactured in the UK compared to the goods subject to review, we are satisfied that the goods manufactured in the UK are like goods for the purposes of this transition review.

E3.1. Sustainable Aviation Fuel (SAF)

79. Regulation 99A(2)(a)(ii) of the Regulations makes provision for the TRA to consider, within the conduct of a transition review, whether the goods or the description of the goods to which a countervailing amount is applicable should be varied.

80. On 23 August 2024, the TRA published a note to the public file informing of a scope revision for anti-dumping investigation number AD0058: Biodiesel imported into the UK from the People's Republic of China (PRC), together with an updated Notice of Initiation amending the goods description for that case, to explicitly exclude SAF from within the scope of that investigation. This followed the publication of a previous note to the public file for case number AD0058, published on 14 August 2024, entering into consultation with interested parties on the proposed revision.

81. The goods description included in the original Notice of Initiation published for case number AD0058, dated 5 June 2024, was identical to the goods description in this transition review, as described above in Section E (The goods and like goods).

82. The updated Notice of Initiation referred to in paragraph 80 revised the scope of anti-dumping investigation AD0058, by amending the goods description to:

> *"Fatty-acid mono-alkylesters or paraffinic gasoils obtained from synthesis or hydrotreatment of non-fossil origin in pure form or as included in a blend, excluding sustainable aviation fuel, in pure form or as included in a blend."*

83. The following factors, outlined in the Note to File dated 14 August 2024 contributed to the TRA's proposal to amend the scope in anti-dumping investigation AD0058:

    a. Different production processes for most SAF pathways as compared with HVO and FAME.

    b. Different raw materials for most SAF pathways as compared with HVO and FAME.

    c. Limited interchangeability: FAME and HVO cannot be exchanged with SAF for use in an aviation turbine engine.

    d. SAF is not intended for use in a road-transport diesel engine and can cause wear to the engine over time.

e. Uncertainty that SAF would meet relevant UK road transport standards.

f. The introduction of the UK SAF mandate in January 2025 means that SAF will operate within its own framework, and it will be unlikely to compete under the Renewable Transport Fuel Obligation.

g. Price difference: the TRA considers that SAF has a higher selling price than the goods which remain within the revised scope, and as such there is currently no economic incentive to sell SAF for road transport for less than it could be sold to the aviation industry.

h. Aviation turbine fuel, including SAF, benefits from a full rebate of excise duty under HMRC tax code 601. HMRC requires that authorisation is granted before SAF is used for purposes other than aviation, and HMRC will only grant authorisation in exceptional circumstances. The TRA considers that given the price difference between SAF and the goods within the proposed revised scope it is unlikely that companies would forgo this rebate to sell for less profit in the road transport market.

i. Different customer identities.

84. As outlined in the SEF, we consider all of these factors to be characteristic of the UK industry and market. These factors, together with the notes to the public file proposing and confirming the revision of scope in anti-dumping investigation AD0058, provide support for the proposition that the description of the goods subject to review in this transition review (TS0044) should also make clear that SAF is excluded from the application of the countervailing measure currently under review.

85.

86. It is worth noting that the commodity codes under which the goods subject to review are classified do not include SAF. Further, it is our understanding that the SAF industry was not operating at a significant commercial scale at the time the goods description was published for the EU Commission's investigation

concerning biodiesel originating in Argentina. From publicly available information, we understand that SAF was not intended to be included within the scope of the EU Commission's investigation and resulting measure.

87. Based on the above, we recommend an equivalent revision of the description of the goods subject to the countervailing measure in this transition review. For ease of reference, we recommend to the Secretary of State that the description of the goods subject to the countervailing measure under review be amended to:

"Fatty-acid mono-alkylesters or paraffinic gasoils obtained from synthesis or hydrotreatment of non-fossil origin in pure form or as included in a blend, excluding sustainable aviation fuel, in pure form or as included in a blend."

SECTION F: The UK industry and UK market

F1. Overview

88. The UK industry is composed primarily of three biodiesel producers. We are also aware of some very small UK producers, none of whom participated as a UK producer of biodiesel in this review.

89. The purchase of biodiesel is subject to UK government incentives through the Renewable Transport Fuel Obligation (RTFO) framework. Most biodiesel is blended at specific blend rates with Ultra Low Sulphur Diesel (ULSD) and used in road transport.

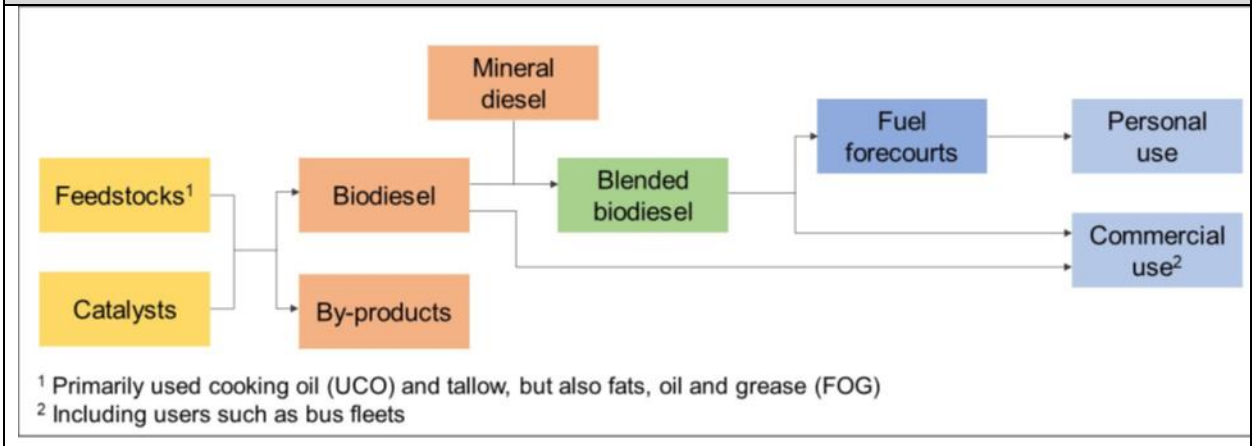
F2. Production process

90. Fatty-acid mono-alkyl ester (FAME) is produced via transesterification, whereby fatty acids react with alcohol, often methanol, in the presence of a catalyst to produce biodiesel. The UK industry only produces biodiesel through transesterification at present, using waste-origin feedstock as the main raw material and fatty acid component. The main waste-origin feedstock used in the UK is used cooking oil (UCO), but the UK also uses tallow category 1 and 2, acid oils contaminated with sulphur, mill-effluent residue, fats and greases from wastewater systems among others. Some feedstock that is considered more polluted requires a pre-treatment process.

91. Hydrotreated Vegetable Oil (HVO) –paraffinic gasoil in the goods description – is considered a like good in all respects for the purposes of this review. HVO is produced via hydrocracking or hydrogenation of fatty acids. Both processes treat molecules using hydrogen to produce renewable diesel fuel. Biodiesel is not produced via the hydrotreatment of vegetable oil in the UK.

92. The following diagram provides an overview of the UK's biodiesel industry from upstream businesses (feedstock suppliers) to consumers (final end-users):

Image 1: UK's Biodiesel Industry Supply Chain Overview



Source: TRA own image

F3. Market size and structure

93. The Department for Transport (DfT) publishes data around total UK consumption of biodiesel that is gathered as part of its RTFO scheme. According to this data, total UK consumption of biodiesel during the POI was 1,782,833 metric tonnes (mt).

94. Greenergy is the largest of the three UK producers, followed by Argent and then Olleco. Greenergy is both an importer and a producer of the like goods. It is our understanding that Greenergy exports the majority of what it produces.

95. Biodiesel is often sold via traders, who either sell it domestically or export it. It is possible to claim Renewable Transport Fuel Certificates (RTFC) from the UK government once biodiesel is sold to the end user and the RTFCs themselves have commercial value.

F4. Trends

Table 2: UK consumption and domestic sales

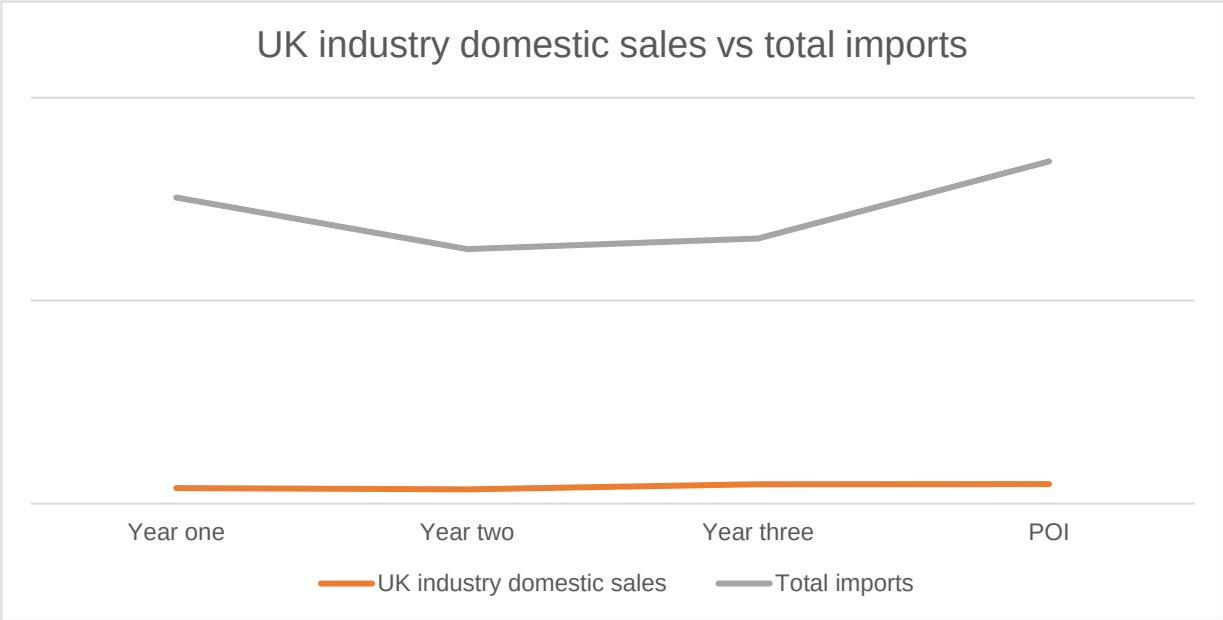
	Year 1	Year 2	Year 3	POI

UK consumption of biodiesel (metric tonnes)	1,584,856	1,324,594	1,402,351	1,782,833
Index	100	84	88	112
UK industry* domestic sales (metric tonnes) index	100	93	125	127
Market share of UK industry index	100	111	141	114
Imports from third countries index	100	83	87	112

Source: RTFO Final 2023 4th Provisional Report, RTFO 2022 Final Report, Questionnaire responses. *Includes data from Argent and Olleco

96. The UK industry share of the UK biodiesel market fluctuated over time while overall imports increased by 12% from year 1 to the POI. While domestic sales increased by 27% compared with only a 12% increase for imports; biodiesel imports made up almost the entirety of total UK consumption during the POI and so imports have seen a greater increase in terms of metric tonnes per annum.

Image 2: UK industry domestic sales vs total imports



Source: Argent and Olleco questionnaire response

F5. Competition in the market

97. Biodiesel produced in the UK competes directly with biodiesel imported from other countries. HMRC data indicates that there were no or minimal imports from Argentina during the IP and POI, however the biodiesel produced in Argentina would compete with biodiesel domestically produced in the UK.

SECTION G: Likelihood of subsidy assessment

G1. Introduction

98. In accordance with regulation 99A(1)(a) of the Regulations, we have considered whether the importation of the subsidised goods subject to review would be likely to continue or recur if the countervailing amount were no longer applied to those goods.

99. Our likelihood assessment considered the following factors:

    a. Continued importation of subsidised goods (subsidised imports)

    b. Subsidy programmes in the exporting country;

    c. Exports to third countries;

    d. Attractiveness of the UK market to exports;

    e. Whether exporters have previously or habitually circumvented trade remedy measures; and

    f. Any other relevant factors.

100. We have considered the likelihood assessment on a countrywide basis rather than an exporter-by-exporter basis because of the lack of co-operating exporters from Argentina in this transition review. This means that no suitable data was available to the TRA on individual exporters.

101. We used secondary sources of information in accordance with regulation 47(5) of the Regulations. We treated their information with special circumspection and, where practicable, checked it using independent sources. This includes, but is not limited to, import data from HMRC.

102. To determine whether subsidised imports of the goods subject to review would be likely to continue or recur if the countervailing measure no longer applied, we have conducted a holistic assessment of all of the above relevant factors.

G2. Continuation of subsidised imports whilst measures have been in place

103. The EC imposed countervailing duties on imports of the goods subject to review on 11 February 2019.

104. We assessed if there has been a continuation of imports of the goods subject to review during the IP and POI.

105. HMRC data indicated that there have been no or minimal imports of the goods subject to review since the imposition of the countervailing duties by the EU in February 2019, indicating that subsidised imports have not continued.

Table 3: Argentine biodiesel import value and volume

Imports	Year 1	Year 2	Year 3	POI	Total
Argentina imports value (£)	*	*	0	0	*
Argentina imports volume (tons)	*	*	0	0	*

Source: HMRC (*Indicates less than five consignments)

106. Although subsidised imports of the goods subject to review have not continued at any significant volume since imposition of the current measure, this may be due to the effectiveness of the measure and does not indicate that subsidised imports of the goods subject to review would not recur if the measure was no longer applied.

G3. Subsidy programmes still in place in Argentina

107. The EU Commission (EC) states in Commission Implementing Regulation (EU) 2019/244 that it found two countervailing subsidy schemes in place for the biodiesel industry in Argentina, which are set out in table 4 below.

Table 4: The Federal and State subsidy schemes used to calculate the countervailing amount in 2019.

No.	Subsidy type	Federal/State	Programme name
1	Provision of goods at LTAR	Federal Scheme	Government support to the biodiesel industry through the provision of soybeans for less than adequate remuneration (“LTAR”)
2	Provincial revenue foregone	State Scheme	Sante Fe Provincial Law Tax Exemption

108. We assessed whether the subsidy schemes outlined in table 4 above are still in place or likely to be in place in Argentina.

G3.1 Government support to the biodiesel industry through the provision of soybeans for less than adequate remuneration (LTAR)

109. In the original EC investigation, the EC found that the GOA provided support to the biodiesel industry through the provision of soybeans for less than adequate remuneration (LTAR). This support conferred a benefit to the recipients which was deemed specific, amounting to a countervailable subsidy.

110. One of the main drivers in the price of biodiesel is the cost of the raw material, feedstock. In Argentina, soybean oil is used as feedstock in the production of biodiesel.

111. The EC found that all sampled companies did not purchase soybean oil to process into biodiesel, instead they crushed the soybeans into soybean oil themselves as an intermediate step for the production of biodiesel. The investigation therefore focused on the provision of soybeans.

112. The EC found that support to biodiesel producers through the provision of soybeans at LTAR is achieved through several measures attributable to the GOA, including:

- an export tax on soybeans;
- counter-measures on producing other grains, such as imposing export quotas, and an import ban on soybeans;

- subsidies to soybean producers to continue producing and selling domestically to biodiesel producers; and
- public statements to soybean producers to not stop their production but to continue selling domestically.

G3.1.1 Export Taxes on soybeans

113. The EC found that export taxes on soybeans is a tool used by the GOA to support the biodiesel industry. Export taxes on soybeans had the effect of artificially increasing the domestic supply and lowering prices for biodiesel producers in Argentina.

114. Argentina has imposed differential export taxes in which the export tax on the processed product (biodiesel) is lower than that on the corresponding unprocessed raw material (soybean). This ensures adequate domestic supply of the raw material and encourages the export of the processed product.

115. The export tax differential on soybeans, soybean oil and biodiesel has fluctuated widely since 2014. Argentina currently has a 33% export tax in place on soybeans, a 31% export tax on soybean oil and a 29% export tax on biodiesel.

116. There is a nominal two percent differential export tax on biodiesel relative to soybean oil and a nominal four percent differential export tax on biodiesel relative to soybeans. However, the differential is effectively 8.52% as of 2023 according to the United States Department of Agriculture (USDA). The effective rate for biodiesel is lower because biodiesel enjoys an export tax reduction granted to most manufactured products, but not provided to soybean oil and raw agricultural commodities.[7]

117. In its questionnaire response, MRECIC commented that export taxes do not constitute a subsidy under the WTO's SCM Agreement.

[7] Argentina: Biofuels Annual | USDA Foreign Agricultural Service

118. The finding in the original EC investigation was not that the export tax constitutes a subsidy, but that through export taxes and other measures (set out in paragrapCh 88, the GOA "entrusted or directed" a private entity (i.e., soybean producers) to make a financial contribution, in the form of the provision of soybeans to biodiesel producers for LTAR.

119. MRECIC also commented that in Argentina export taxes are imposed and levied on all major export products.

120. In 2023, during the POI, export taxes were 33% for soybean, 31% for soybean products (meal and oil) compared to export taxes of 12% for maize, wheat, and other cereals, and 7% for sunflower grain and sunflower oil, 5% for maize flour, 7% for wheat flour, 4.5% for milk products, 9% for milk powder, and 9% for beef. Export taxes on other products from outside the Pampas region, such as wine, pears, apples, grapes, and cotton were 5%, and they were eliminated for a group of products, including ovine and caprine meat.[8] So whilst export taxes are in place for other commodities, soybeans and soybean products face the highest export tax, more than double the rate for other commodities.

121. MRECIC commented that soybean and soybean oil prices are set freely by market forces and export prices are also set freely in the international markets.

122. The EC finding that soybean growers are not free to set the price of soybeans is based on Resolution 125/2008, in which the GOA established a formula on the basis of which to calculate a fixed amount of export tax, depending on the level of the official Free on Board (FOB) price, which is fixed by the GOA on a daily basis.

123. Resolution 125/2008 was issued in accordance with Law 21,453. Law 21,453 dated 05 November 1976 is supplemented or modified by 108 standards.[9] A note under Law 21,453 states that Resolution 331/2001 of the Ministry of Agriculture,

[8] Agricultural Policy Monitoring and Evaluation 2023 | OECD
[9] Law 21453 | Regulations that modify it | Argentina.gob.ar (in Spanish)

Livestock, Fisheries and Food approves the criteria for setting the official F.O.B. prices of goods, and this was repealed under Resolution 441/2017.[10]

124. Whilst Resolution 441/2017 states that the official FOB price should be representative of market conditions, the setting of an official price suggests that soybean growers are limited in their freedom to set their price.

125. As the TRA has not had participation from any overseas exporters in Argentina, we have no evidence to suggest that soybean and soybean oil prices are set freely by market forces. Given the lack of this evidence, we will rely on best facts available as presented in the EC investigation.

126. The OECD's Agricultural Policy Monitoring and Evaluation 2023[11] report examines the gap between domestic prices and world prices using the indicator Nominal Protection Coefficient (NPC). This is the ratio between average effective producer prices and the border price. The OECD found that the NPC in Argentina reached 0.86 in 2020 to 2022, making agricultural prices on average 14% below world market prices.

127. The OECD's report11 examines support policies which incentivise the production of specific agricultural commodities over others. These are called 'single commodity transfers.' In Argentina single commodity transfers are most negative for soybeans, when compared to other agricultural commodities.

128. Mirroring the negative price support to producers (e.g. farmers), consumers in Argentina enjoyed a positive Consumer Support Estimate (CSE) of 18.5% of expenditure at farm-gate prices in 2020 to 2022. Consumer support includes both support to final consumers of agricultural products as well as industry consumers who transform agricultural commodities into processed products (e.g. soybeans into soybean oil and then biodiesel).

[10] Resolution E 411/2017 | Argentina.gob.ar (In Spanish)
[11] Agricultural Policy Monitoring and Evaluation 2023 | OECD

129. The evidence suggests that agricultural export taxes have a market-distorting effect.

130. In its questionnaire response MRECIC commented that export taxes are one of the main sources of fiscal revenue.

131. The GOA published Decree 790/2020 in 2020, increasing the export tax on certain soybean products and by-products, resulting in a soybean export tax of 33% as of January 2021.[12] This decree states that Article 755 of Law 22,415 (Customs Code) published on 23 March 1981 gives the GOA the authority to institute or modify export taxes for five purposes, the last of which is to "*to meet the needs of public finances.*"[13]

132. While this establishes revenue raising as a potential purpose expressed by the GOA behind the levels set for the export taxes, it does not discount intentions on the part of the GOA to incentivise the flow of soybeans into domestic biodiesel production.

133. All five legally permitted purposes for modifying the export tax have been referenced in the 2020 decree, two of which are "*to promote, protect or conserve national activities producing goods or services, as well as such goods and services, natural resources or animal or plant species*" and to "*stabilize domestic prices at desirable levels or maintain a volume of supply appropriate to the supply needs of the domestic market.*"

134. Decree 790/2020 also states that "*the current economic situation and the need to strengthen the fiscal situation require the modification of the export duty rate for certain goods.*"

135. In 2022 the GOA launched the Export Increase Programme (Programa de incremento exportador (PIE)) through Decree 576/2022. Under this programme soybean producers are paid at a higher exchange rate than the official one. This

[12] Decree 790/2020 | Full text | Argentina.gob.ar (In Spanish)
[13] Decree 790/2020 | Full text | Argentina.gob.ar (In Spanish)

intends to make exports more attractive, to promote soybean sales and strengthen international currency reserves. This is considered to be a response to exchange rate controls in place since 2019 that have led to a widening gap between official and market exchange rates.

136. The publication of Decree 70/2023 on 20 December 2023 is a possible indication of a government shift. This decree outlines that the new federal government faced a severe institutional, economic and social crisis when it took office, citing an impending hyperinflation catastrophe. With the stated intention to avoid this, the GOA resolved to make a fiscal adjustment in the national public sector and to resolve remunerated liabilities of Argentina's Central Bank, stating that it intends a general program of economic deregulation.[14]

137. This decree detailed the repeal of a number of laws that impeded the functioning of the free market in Argentina, with the stated intention of expediting trade.

138. In contrast, Decree 70/2023 makes no mention of Article 755 of Law 22,415 (Customs Code) (outlined in paragraph 107). This allows the GOA to retain the export tax on soybeans, despite this running contrary to what the GOA states is its overarching economic strategy.

139. Overall, the export tax on soybeans remains in place. Whilst the GOA may be using the export tax in conjunction with the PIE as a means of raising revenue, it appears to be a temporary measure in response to the fiscal and economic challenges currently faced by Argentina. The export tax regime is able to satisfy multiple objectives, and the fact that the GOA raises revenue from the export tax on soybeans, does not detract from other objectives.

140. Moves by the GOA to deregulate do not change the differential export tax, which is in place, where the export tax on soybeans is higher compared to the export tax on

[14] Decree 70/2023 | Full text | Argentina.gob.ar (In Spanish)

soybean products and biodiesel, continuing to account for the profitability and competitiveness of the biodiesel industry in Argentina.

G3.1.2 Countermeasures on producing other grains

141. The EC found that maize and wheat export quotas in place from 2006 to 2015 discouraged exports and directed farmers toward continuing the production of soybeans, which lowered the domestic price further. The EC found that after the removal of maize and wheat export quotas in 2015 the production of soybeans did not decrease significantly in comparison with the other crops and remained stable.

142. We have assessed whether maize and wheat export quotas are currently in place, or likely to be put in place, and whether this has directed farmers towards production of soybeans.

143. On 17 December 2021 the Argentine Ministry of Agriculture, Livestock and Fisheries (Ministerio de Agricultura, Ganadería y Pesca) published Decree 276/2021[15] which established a framework regulating exports of maize and wheat based on a "volume of equilibrium of exports"(VEE) "in order to provide predictability." In May 2024 the GOA officially repealed Decree 276/2022[16] (that established the VEE for wheat and maize) through Decree 302/2024.[17]

144. According to local market operators at the time the VEE was established, quotas for the export of maize and wheat would have a negative impact on the domestic market, as it would lead to an artificial excess of supply and may reduce the interest of farmers in the production of these crops.[18]

145. The evidence suggests that export quotas on maize and wheat has not led farmers to allocate less planting areas to these crops. Instead, production of maize and

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[15] BOLETIN OFICIAL REPUBLICA ARGENTINA - MINISTERIO DE AGRICULTURA, GANADERÍA Y PESCA - Resolución 276/2021 (In Spanish)
[16] The National Government canceled the Equilibrium Volumes system for wheat and corn | Argentina.gob.ar (In Spanish)
[17] OFFICIAL GAZETTE OF THE ARGENTINE REPUBLIC - ARGENTINA DIGITAL - Decree 302/2024 (boletinoficial.gob.ar) (In Spanish)
[18] Argentina introduces export quotas for corn and wheat (tridge.com)

wheat increased while export quotas were in place, and production of soybeans decreased.

146. The Rosario Board of Trade (Bolsa De Comercio De Rosario) found that in 2021 Argentina planted the least amount of soy for a decade. In 2014, the ratio of hectares of soy sown compared to maize or wheat was 4:4, whereas in 2021 it fell to 1:4.

147. The WTO Argentina Trade Policy Review 2021[19] found that "since 2016, the area under cultivation [of soybeans] has been shrinking (it went from 19.8 million hectares in 2014-15 to 16.9 million in 2019-20) and production has been falling; this is partly due to the changes to export duties, which have been unfavourable to soya beans and soyabean products, and partly due to their reduced relative profitability in comparison with other crops, chiefly maize."[20]

148. The EC found that the GOA established a temporary import ban on soybeans, stating that the use of domestic raw materials should be privileged over imported ones thereby adding value to the Argentinian product in the international market.

149. The EC found that in 2012 the GOA set up the 'Registry for Authorized Soy Operators' (ROSA), removing the import ban, however it remained difficult to import soybeans into Argentina until the further amendments to that registry in 2016.

150. In 2016 the Ministry of Production (Ministerio de Producción) and Ministry of Treasury and Public Finance (Ministerio de Hacienda y Finanzas Públicas) published Joint Resolution 5/2016 and 7/2016[21] removing the obligation to be registered and authorised in the ROSA to participate in the temporary import regime of soybeans for industrial processing.

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[19] WTO | Trade policy review -Argentina2021
[20] WTO | Trade policy review -Argentina2021
[21] OFFICIAL GAZETTE OF THE ARGENTINE REPUBLIC - Ministry of Production and Ministry of Finance and Public Finance FOREIGN TRADE - Joint Resolution 5/2016 and 7/2016 (boletinoficial.gob.ar) (In Spanish)

151. Over the period from 2016 to 2021, Argentina's soybean imports increased by 440 percent, from 0.9 million tons in 2016 to 4.9 million tons in 2021, making Argentina the third largest soybean importer in 2021.[22] Reuters reports that according to official sources, soybean imports were up 700% in 2023.[23]

152. Severe drought conditions since 2019 have made it necessary for Argentina to import soybeans to fill its large soybean crushing capacity, and this is likely the cause for the increases of imports of soy rather than a result of changes to legislation. Despite the large volumes of imports in recent years, Argentina still remains self-sufficient in its domestic soybean production.[24]

G3.1.3 Subsidies to soybean producers to continue producing and selling domestically to biodiesel producers

153. The EC found that the GOA published a resolution setting out a stimulation regime for soybean farmers, as part of the Plan Belgrano. The EC found that this resolution gave financial incentives to soybean growers in the ten most under-developed provinces within Argentina from 1 March 2017 until 31 August 2017 and in so doing further directed growers into the production of soybeans, adding to the increased domestic supply of soybeans in favour of the development of the biodiesel industry.

154. The Plan Belgrano was set up in 2016 as an infrastructure and industry development plan in ten of Argentina's northern provinces, which have historically been less developed compared to the rest of the country.

155. The Ministry of Agroindustry (El Ministerio de Agroindustria) and the Federal Administration of Public Revenue (Administración Federal de Ingresos Públicos (AFIP)) approved the Agricultural Stimulus Plan Belgrano Decree in 2017, which

[22] Supply chain & trade analysis series: "Bolivia and Paraguay: Soy production, Deforestation, and International trade" - AidEnvironment
[23] Amid soybean crunch, Argentina loosens foreign currency controls for imports | Reuters
[24] Teseo

benefits soybean producers in the provinces of Salta, Jujuy, Formosa, Santiago del Estero, Tucumán, Corrientes, Misiones, Catamarca, La Rioja and Chaco.[25]

156. Article 3 of the Agricultural Stimulus Plan Belgrano joint Decree 3992-E/2017 sets out that "*the amount of the incentive to be received by each individual or legal entity shall be five (5) percentage points per ton, of the monthly average of the month in which the sale is made*…" and "*the amount to be received by each individual or legal entity will be only for the first two thousand tons (2,000 t) sold and identified by unique tax identification code (CUIT) number*."

157. Under Article 7 producers had until 5 October 2017 to apply for the incentive. In February 2018 the GOA announced that payment to soybean producers as part of the Plan Belgrano was completed.[26]

158. We have considered whether financial incentives to soybean producers under Plan Belgrano have been replaced with a different financial incentive scheme but did not find evidence of such schemes.

159. The Compensation and Stimulus Programme was established under Joint Resolution 1/2020[27], which was published in accordance with Article 53 of Law 27,541 and Decree 786/2020.[28]

160. Under Article 1 of Decree 786/2020 the Compensation and Incentive Programme was in place until 31 December 2020. Under this Programme financial grants were allocated retrospectively based on soybean sales recorded in 2020. The Compensation and Stimulus Programme is no longer in place, and we have found no evidence that it is likely to be reintroduced.

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[25] OFFICIAL GAZETTE OF THE ARGENTINE REPUBLIC - Ministry of Agroindustry and Federal Administration of Public Revenues AGRICULTURAL STIMULUS PLAN BELGRANO - Joint General Resolution 3993-E/2017 (boletinoficial.gob.ar) (In Spanish)

[26] Payment to soybean producers in the provinces of the Belgrano Plan was completed | Argentina.gob.ar (In Spanish)

[27] InfoLEG - Ministry of Justice and Human Rights - Argentina (In Spanish)

[28] OFFICIAL GAZETTE OF THE ARGENTINE REPUBLIC - COMPENSATION AND STIMULUS PROGRAM - Decree 786/2020 (boletinoficial.gob.ar) (In Spanish)

161. We have found no evidence to suggest that soybean producers in Argentina are currently in receipt of the aforementioned subsidies. However, as soybean producers in Argentina have been in receipt of subsidies in the past, it is possible that they would receive subsidies to continue producing and selling domestically to biodiesel producers over the next five years.

G3.1.4 Public statements to soybean producers to continue selling domestically

162. The EC found that public statements by the GOA encouraged soybean producers to continually sell domestically.

163. During President Javier Milei's election campaign in 2023 he pledged to remove agricultural export taxes.

164. At the Expoagro exhibition in March 2024, President Javier Milei announced[29] that "Once fiscal numbers improve, this will open the door for us to start lowering taxes at an increasingly faster rate". Referring to the removal of price controls, President Javier Milei expressed confidence that inflation would slow once they regularise. "Once the economy is rationalised, they will remove currency restrictions," he added.

165. More recently at the annual La Rural convention in July 2024[30] President Javier Milei stated that "We said we are going to lift the restrictions and every day we do" and "No one is as eager …as me in particular, to get out of this disastrous model where the state, through withholdings and restrictions, expropriates 70% of what the countryside produces."[31]

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[29] President: Currency controls could be lifted 'mid-year' | Buenos Aires Times (batimes.com.ar)
[30] President Milei renews his vow to scrap export taxes as Argentina's powerful farmers get impatient | AP News
[31] President Milei renews his vow to scrap export taxes as Argentina's powerful farmers get impatient | AP News

166. Whilst recent statements made by the Argentine President appear to suggest that agricultural export taxes will be removed in the future, we have no evidence to suggest that the export tax on soybeans will be removed over the next five years.

G3.1.5 Conclusion on Government support to the biodiesel industry through the provision of soybeans at LTAR

167. The export tax on soybeans remains in place, with a differential export tax in relation to biodiesel, which encourages the domestic sales of soybeans and the export of biodiesel.

168. Whilst our assessment has found that some measures (such as export quotas on other grains and import bans of soybeans) are no longer in place, as no overseas exporters from Argentina participated in the review process, and in the absence of evidence suggesting otherwise, we have concluded that it is likely that overseas exporters in Argentina continue to benefit from the provision of soybeans at LTAR.

G3.2 Santa Fe Provincial Law tax exemption

169. The EC found that biodiesel producers in the province of Sante Fe benefited from various tax exemptions under Provincial Law 12,692 for a period of 15 years (from the point that the benefit has been applied for and granted). The EC found those exemptions to include income tax, stamp duty, real estate tax and vehicle duties.

170. The EC determined the tax exemption to be a subsidy due to the revenue foregone by the GOA and being de jure specific to certain industries including the domestic biodiesel industry.

G3.2.1 Income tax and turnover tax on reports

171. In its questionnaire response, MRECIC commented that income tax is a federal levy which cannot be validly imposed by the Province of Santa Fe according to the Argentine Federal Tax Framework. The Federal Income Tax is a direct tax, applicable on net income, which is exclusively collected by the Federal

Government, and should not be confused with the provincial gross turnover tax, an indirect, consumption tax, applicable on gross turnovers at the provincial level.

172. As set out by MRECIC, Federal, provincial and municipal governments levy taxes in Argentina. The federal government imposes the income tax, value added tax, minimum presumed income tax, personal assets tax, excise tax, tax on financial transactions and customs duties. Provincial and municipal jurisdictions levy turnover taxes, real estate taxes, stamp duties, taxes on vehicles and taxes on public advertising amongst others.[32]

173. Article 7 of the Sante Fe Provincial Law 12,692 states that: "*Article 7 - The taxes covered by the provisions of Article 6 are: the Gross Income Tax, the Stamp Tax, the Real Estate Tax and the Tax on the Single License Plate on Vehicles, or those that replace it in the future. Natural and legal persons, owners of projects approved by the enforcement authority, in order to access the benefits, must comply with the requirements set forth in Article 5".*

174. Gross income tax, also referred to as the 'turnover tax', is a tax on gross revenue from the sales of goods and services, imposed at a provincial level and does not refer to the Federal Income Tax imposed at a national level. However, this does not alter the original conclusion reached by the EC, that a tax exemption under Provincial Law 12,692 is a subsidy due to the revenue foregone by the GOA, and *de jure* specific to certain industries, including the domestic biodiesel industry.

175. MRECIC commented on the EC finding that companies producing biodiesel located in the province of Santa Fe benefitted from a turnover tax exemption for export sales. The EC found that the turnover tax exemptions for export sales came under Article 127, which was later superseded, or otherwise replaced by Provincial Law 12,692.

[32] 1.Haciendo_Negocios_en_Argentina-Guía_del_Inversor_Mini_Davos.pdf (cancilleria.gob.ar) (In Spanish)

176. MRECIC commented that Article 127 was not superseded or replaced by Provincial Law 12,692, and that the turnover tax exemption for export sales is legislated under current Article 179(c) of Law 13,875. MRECIC commented that Article 179(c) contains a general exclusion for export sales, and that the rationale behind this exclusion is that the provincial gross turnover tax, is an indirect consumption tax, based on the destination principle. Exports are excluded, since they reflect consumption taking place out of provincial territory, and out of the Argentine Republic.

177. We have found under Article 127 of the Santa Fe Province Tax Code[33] and Article 15 of Law 13,875[34] that a general exclusion from the provincial turnover tax applies to export sales. However, this does not change the original determination by the EC, that the tax exemption under Provincial Law 12,692 is a subsidy due to the revenue foregone by the GOA, and *de jure* specific to certain industries, including the domestic biodiesel industry.

G3.2.2 Stamp tax exemption

178. MRECIC commented that the Santa Fe Stamp Tax Exemption (formerly under Article 183.29) is now legislated under Article 236.29 of Provincial Law 14,186. MRECIC commented that this Article does not apply to the biodiesel industry exclusively but to all taxpayers. In addition, MRECIC commented that this exemption was designed to target transactions covered by a tax that is no longer in force.

179. Chapter III of Provincial Law 14,186[35] covers Stamp Duty Tax. Article 235 lists the parties exempt from the Stamp Tax, and Article 236 sets out 52 articles in which the stamp tax should not be paid[36].

[33] Microsoft Word - Descargar archivo.doc (santafe.gov.ar) (In Spanish)
[34] Ley 13875 (santafe.gov.ar) (In Spanish)
[35] Ley 14186.pdf (santafe.gob.ar) (In Spanish)
[36] Impuesto de Sellos (santafe.gov.ar) (In Spanish)

180. We found that whether or not the stamp tax exemption was designed to target transactions covered by a tax that is no longer in force, this does not change the original determination by the EC that the tax exemption under Provincial Law 12,692 is a subsidy due to the revenue foregone by the GOA, and *de jure* specific to certain industries, including the domestic biodiesel industry.

G3.2.3 Real Estate Exemption

181. MRECIC commented that the real estate tax exemption (under Provincial Law 8,478/1979) of Industrial Promotion, as superseded or otherwise replaced by Provincial Law 12,692) was not designed to support the biodiesel industry located in the Province of Santa Fe, since such industry did not exist when the law was passed in 1979.

182. Argentina started producing biodiesel extensively around 2007. Whilst the real estate tax exemption of 1979 was not intended to support a certain industry, this does not change the original finding that there is a tax exemption currently in place under Provincial Law 12,692, which is a subsidy due to the revenue foregone by the GOA, and de jure specific to certain industries, including the domestic biodiesel industry.

G3.2.4 Santa Fe Provincial Law tax exemption

183. MRECIC commented that the tax incentives under Provincial Law 12,692 are not automatic but require a filing with the competent authority, and actual granting of benefits. In addition, the requirements stipulated in the law must be fulfilled annually.

184. MRECIC commented that it is GOA's understanding that no major biodiesel exporter located in Santa Fe (namely LDC Argentina SA, Group Renova, Group T6 and Cargill SACI) has been granted a certification or authorisation, and therefore do not profit from the incentive scheme.

185. The TRA found that the Santa Fe Provincial Law tax exemption is not automatically granted, and that an approval process must be met, as set out by the

Santa Fe Government.[37] As the TRA has not had participation from any overseas exporters located in Santa Fe, we have no evidence to suggest that these overseas exporters have not been granted a certificate or authorisation to benefit from the tax exemption scheme.

186. Whether or not biodiesel exporters located in Santa Fe are currently in receipt of the Santa Fe Provincial Law tax exemption, does not mean that they will not benefit from this scheme within the next five years (and for a period of 15 years).

187. Santa Fe is an important province in Argentina for the production of biodiesel. According to data from the Argentine Secretariat of Energy, the province of Santa Fe produced between 67% and 86% of all biodiesel produced in Argentina during the injury period and POI.[38]

G3.2.5 Conclusion

188. The Santa Fe Provincial Law tax exemption remains in place under Provincial Law 12,692. The taxes covered under Article 7 of Provincial Law 12,692 include the Gross Income (turnover) Tax, the Stamp Tax, the Real Estate Tax and the Tax on the Single License Plate on Vehicles, or those that replace it in the future.

G4. Exports to third countries

189. Assessing the existence of countervailing measures in third countries (and whether exporters in Argentina are currently exporting subsidised goods to third countries) gives us an indication of whether subsidised imports into the UK may continue or recur if measures were revoked.

190. Biodiesel originating in Argentina is currently subject to anti-dumping measures in Peru and the United States of America (US) and countervailing duties in the EU[39], Peru, the UK, and the US.[40]

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[37] PROCEDURES PORTAL (santafe.gob.ar) (In Spanish)
[38] Energy Data - Biodiesel and Bioethanol Statistics (energia.gob.ar) (In Spanish)
[39] AS644 AR - Investigation details - Trade Remedies Data Portal (wto.org)
[40] C-357-821 - Investigation details - Trade Remedies Data Portal (wto.org)

191. The anti-dumping and countervailing measures imposed by the US have been in place since 2018 and were recently extended in 2023. A report by the USDA states that the combined average tariffs of 140% imposed by the US has made it impossible for biodiesel from Argentina to reach the US market[41]. Data from the Argentine Secretariat of Energy confirms that since 2018 the US has not imported biodiesel from Argentina.[42]

192. Peru imposed anti-dumping and countervailing measures on biodiesel imports from Argentina in 2016. The measures expired in 2021 and were extended a further five years to 2026. Data from the Argentine Secretariat of Energy shows that Peru imported biodiesel from Argentina when the measures were put in place in 2016 up until 2018, but there have been no imports of biodiesel from Argentina since then.[43]

193. The countervailing measures imposed by the EC have been in place since 2019. A price undertaking between the EC and overseas exporters from Argentina was agreed. The undertaking provides that overseas exporters in Argentina may export to the EU, without paying the duties, at a maximum level of approximately 1.2 million tonnes of biodiesel every year, to be sold at an agreed minimum import price.

194. Despite the measures in place, the EU remains the major market for Argentina due to its size and yearly quota in place[44]. For each year of the IP (from October 2019 to September 2023), exports to the Netherlands consistently represented over 90% of total biodiesel exports from Argentina.

195. According to the USDA, Argentina's current export markets are limited to the EU, UK and Canada. Shipments to discretionary markets seldom take place, and only when biodiesel made from soybean oil is cheaper than fossil diesel[45]. We

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[41] Argentina: Biofuels Annual | USDA Foreign Agricultural Service
[42] Energy Data - Biodiesel and Bioethanol Statistics (energia.gob.ar) (In Spanish)
[43] Energy Data - Biodiesel and Bioethanol Statistics (energia.gob.ar) (In Spanish)
[44] Argentina: Biofuels Annual | USDA Foreign Agricultural Service
[45] Argentina: Biofuels Annual | USDA Foreign Agricultural Service

confirmed this using data from the Argentine Secretariat of Energy which indicates only marginal exports to markets outside the US, EU and Peru from 2012.

Table 5: Biodiesel exports from Argentina (metric tonnes) over the IP

Destination Country	Year 1	Year 2	Year 3	POI
Belgium	28,800		54,640	
Brasil			29	
Canada				20,000
China				21
Spain		67,704		
The Netherlands	776,762	961,524	1,085,340	555,282
Taiwan	313	313	209	
Total	805,875	1,029,541	1,140,218	575,303

Source: Energy Data - Biodiesel and Bioethanol Statistics (energia.gob.ar) (In Spanish)

196. According to the Rosario Board of Trade, Argentina had a strong presence in markets in North Africa and Asia in 2014, where biodiesel was used to blend with local diesel. The cost of biodiesel was lower than that of diesel, however the sharp fall in world crude oil prices at the end of 2014 meant that Argentine biodiesel prices were not competitive to supply the African or Asian market, closing these markets.[46]

197. If measures that are currently in place in the UK are revoked, it would incentivise overseas exporters in Argentina to export the goods subject to review to the UK. Argentina has limited export markets, and the UK is geographically close to the EU, meaning that similar shipping and transportation routes could be utilised.

G5. Attractiveness of the UK market to exporters

198. In assessing the likelihood that subsidised imports would continue or recur if the measures were revoked, we considered whether the UK market would be an

[46] Argentine biodiesel with the worst indicators in several years | Rosario Stock Exchange (bcr.com.ar) (In Spanish)

attractive export destination for exporters from Argentina over other markets. In doing so, we analysed:

- Environment and trends in the industry
- UK market size and consumption
- Production
- Pricing (current and trends)
- Opportunity to differentiate products
- Whether exporters have previously or habitually circumvented trade remedy measures

  Any other factors

G5.1 Environment and trends in the industry

199. Demand for biodiesel in the UK stems from the Renewable Transport Fuel Obligation (RTFO) set by the Department for Transport (DfT). The RTFO came into force in 2008 and aims to reduce greenhouse gas emissions from vehicles, ultimately supporting the Government's target of net zero by 2050. The RTFO scheme places an obligation on suppliers of road transport fuels totalling 450,000 litres or more to demonstrate that a proportion of the fuel they supply comes from renewable sources (blending obligation). Suppliers may meet their obligation by redeeming Renewable Transport Fuel Certificates (RTFCs) or by paying a fixed sum for each litre of fuel for which they wish to 'buy-out' of their obligation.

200. The blending obligation is calculated as a percentage of fossil and renewable fuel supplied. These blending targets over time are shown in Table 6. The blending obligation under the RTFO increased over the POI and injury period from 8.50% in 2019 to 13.08% in 2023. The blending target is set to increase further to 17.68% by 2032.

201. Whilst transport fuel demand may be decreasing due to a steady replacement of diesel vehicles with petrol-hybrids and electric, the blending obligation of biodiesel in vehicles is increasing, making the UK market attractive for exporters.

Table 6: RTFO biodiesel blending targets

Obligation Year (Calendar year)	Specified amount, as share of total fuel, by volume
2019	8.50%
2020	9.75%
2021	10.10%
2022	12.60%
2023	13.08%
2024	13.56%
2025	14.05%
2026	14.55%
2027	15.06%
2028	15.57%
2029	16.08%
2030	16.61%
2031	17.14%
2032 onwards	17.68%

Source: RTFO Compliance Guidance 2023 Final v2

202. An amended RTFO order in 2012 introduced a maximum limit, by volume, on the contribution that crop-derived biofuels can make towards a supplier's obligation (referred to as the 'crop cap'). The limit will decrease year-on-year to reach 3% by 2026 and 2% by 203247.

203. Soy based biodiesel is subject to the crop cap. Whilst under the crop cap there is still a maximum amount that is allowed, it reduces the attractiveness of the UK market for Argentine biodiesel exporters, as they almost exclusively use soybean oil to produce biodiesel.

204. Under the RTFO, development fuels are awarded development fuel certificates, which are double counted under the Order. Development fuel is a fuel made from certain (double rewarded) sustainable wastes or residues, excluding segregated

[47] RTFO: compliance guidance

oils and fats such as UCO and tallow, or a non-biological renewable fuel (RFNBO), that is also of a specified fuel type.

205. The development fuel target acts to incentivise those fuel pathways which need greater support and fit the UK's long-term strategic needs. It considers fuel type, production pathway and feedstock.

206. Soy based biodiesel is not classed as development fuel, meaning there would be less of an incentive to export to the UK under the development fuel target.

G5.2 UK market size and consumption

Table 7: UK consumption of biodiesel (tonnes) over the injury period and POI

	Year 1	Year 2	Year 3	POI
UK consumption of biodiesel Index	100	84	88	112
Total UK output* Index	100	98	111	120
Total UK domestic sales* Index	100	93	125	127

Source: RTFO Final 2023 4th Provisional Report, RTFO 2022 Final Report, Questionnaire responses.
*Includes data from Argent and Olleco

207. Overall consumption of biodiesel in the UK increased between year one of the IP and the POI. A drop in consumption in year 2 can be attributed to COVID-19 pandemic-related restrictions. Whilst COVID-19 restrictions had a significant effect on the transport sector in 2020, the lifting of mobility restrictions saw the biofuels market recover.

208. The overall increase in consumption between 2019 and 2022 has been largely driven by the RTFO biodiesel blending targets. As set out in Table 6, blending targets increased from 8.50% in 2019 to 13.08% in 2023.

209. We assessed that current UK production cannot meet total UK demand and the UK is a net importer of biodiesel. If the UK producers were to only sell domestically there would still be a significant shortfall to meet total consumption in the UK.

210. As the UK industry currently stands, UK producers' total domestic sales during the POI met approximately 5% of UK consumption for the same period.

211. As the remaining 95% of current consumption in the UK is met by imports, the UK is an attractive market for exporters.

G5.3 Production

Table 8: UK production, capacity and capacity utilisation

	Year 1	Year 2	Year 3	POI
Argent and Olleco output index	100	98	111	120
Capacity index	100	100	100	100
Utilisation of capacity index	100	98	111	120

Source: Argent and Olleco questionnaire responses

212. The TRA calculated the output of biodiesel in the UK using data from Argent and Olleco. Argent does not produce to demand, but to maximum capacity. This operational stance for running a biodiesel facility in the UK is echoed by Olleco in its questionnaire response.

213. According to Argent it can improve utilisation of capacity after de-bottlenecking and improving efficiencies.

214. Whilst UK producers may be able to marginally increase capacity, a significant and sustained demand for imported biodiesel will continue to exist to meet UK consumption. This makes the UK an attractive market for exporters of biodiesel.

G5.4 Pricing (current and trends)

215. As we do not have transactional level data on imports of the goods subject to review, we are unable to calculate a per unit price for biodiesel exports from Argentina.

216. Exports of biodiesel from Argentina into the EU are subject to a minimum import price. The minimum import price is linked to the official FOB soybean oil price (based on closing prices on the Chicago Board of Trade) plus production costs and freight.

217. The USDA reports that the negotiated price scheme between Argentina and the EU is unfavourable to trade, and that the minimum import price that Argentine product is traded under was and remains currently too high compared to biodiesel prices in Europe.[48] This would make the UK an attractive market, if the measures no longer applied.

G5.5 Opportunity to differentiate products or services

218. As set out in Section G5.1 (Environment and trends in the industry), the UK market is an attractive market for biodiesel produced from UCO and other waste products, as they are double-counted under the RTFO. This biodiesel is also in high demand due to lower greenhouse emissions intensity, as well as meeting EU feedstock requirements. In Argentina, the majority of biodiesel produced is using soybean oil.

219. We have considered the use of alternative feedstocks to soybeans in production of biodiesel in Argentina. UCO and animal fats are in high demand globally, with demand approaching supply limits. The need to gather agricultural waste from various sources and bring it to a central location for processing could significantly increase the price of producing biofuels. We have not found evidence of research and/or investment being carried out into possible alternative feedstocks in Argentina (and as such it is likely that soy will remain the Argentine industry's principal feedstock for the foreseeable future.

220. This reduces the attractiveness of the UK market. However as set out under Section G5.1 Environment and trends in the industry, there is still a maximum amount of soy-based biodiesel that can be used under the RTFO.

[48] Argentina: Biofuels Annual | USDA Foreign Agricultural Service

G6. Whether exporters have previously or habitually circumvented trade remedy measures

221. HMRC data shows no significant imports of biodiesel over the POI or IP, and there is no evidence that the overseas exporters may have circumvented the measure. UK producers of biodiesel have not reported an influx of soy-based biodiesel from Argentina, or indeed any volumes.

222. On 11 February 2019, the EC accepted undertaking offers involving the 8 exporting producers operating under CARBIO following the imposition of the measures against Argentina. There has been no publication to suggest that these exporters have breached the terms of the undertakings.[49]

223. The US also has ongoing countervailing duties against biodiesel originating in Argentina that have been in place since 4 January 2018. These duties were extended following the US' sunset reviews in May 2023. There has been no investigation into circumvention of the measures concerning subsidised biodiesel imports originating in Argentina.[50]

224. Overall, the TRA has found no evidence that suggests that Argentine exporters of biodiesel have previously or habitually circumvented trade remedy measures.

G7. Any other relevant factors

G7.1 The biodiesel industry in Argentina

225. The biodiesel industry in Argentina is divided into two sections. The first is composed of companies operating small and medium sized plants which supply the domestic market under the biodiesel mandate. The second is made up of

[49] Commission Implementing Decision (EU) 2019/245
[50] Federal Register :: Biodiesel From Argentina and Indonesia: Final Results of Expedited First Sunset Reviews of the Countervailing Duty Orders

companies operating large plants, generally associated with large soybean crushing facilities, who export biodiesel.[51]

226. The main feedstock used is soybean oil, mostly supplied by large exporting companies that have crushing plants to export soy meal and soy oil when not used for biodiesel. Small- and medium-sized companies normally buy soybean oil from the large crushers.

227. The Argentine Secretariat of Energy is the authority that regulates biofuels in Argentina. It determines official prices, quality, blend rates and sanctions for non-compliance.

228. Biofuel policies are set at a national level by the Biofuels Law 27,640[52]. The Biofuels Law 27,640 was passed in 2021 and lowered the mandated blend rate of biodiesel from 10% to 5%. It also provided that the mandated blend could be reduced to 3% when prices of feedstock increase in such a way that distorts fuel prices.

229. Due to a shortage of diesel supply in June 2022, the GOA permanently increased the mandated blend rate of biodiesel from 5% to 7.5% through Resolution 438/2022. At the same time, it passed Decree 330/2022 temporarily increasing the mandated blend rate of biodiesel by an additional 5%, to 12.5%. Local large biodiesel plants designed for export were allowed to participate in the additional 5% blend rate under free market conditions. This measure was applied for 60 days and then renewed for another round, but it is no longer in place.

230. In order to support the domestic industry, a financial programme for the domestic biofuels sector was established on 10 July 2023 through Resolution 947/2023. This scheme aims to offer favourable financing conditions for the acquisition of inputs for the production of biodiesel for mandatory blending with diesel. The

[51] Argentina: Biofuels Annual | USDA Foreign Agricultural Service
[52] Law 27640 | Argentina.gob.ar (In Spanish)

scheme recognised the financial difficulties faced by small and medium enterprises in the sector.

231. Argentina has installed capacity to produce 4 million tonnes of biodiesel per year but is currently only producing 1.5 million tonnes per year because of restrictions in its domestic and export markets.

Image 3: Argentine biodiesel production, imports, exports, consumption and capacity

Biodiesel (Million Liters)										
Calendar Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023f
Beginning Stocks	24	44	59	52	102	27	28	98	118	71
Production	2,935	2,060	3,020	3,260	2,760	2,440	1,315	1,960	2,170	1,000
Imports	0	0	0	0	0	0	0	0	0	0
Exports	1,815	895	1,847	1,875	1,585	1,147	675	1,440	1,405	280
Consumption	1,100	1,150	1,180	1,335	1,250	1,292	570	500	812	740
Ending Stocks	44	59	52	102	27	28	98	118	71	51
Production Capacity (Million Liters)										
Number of Biorefineries	38	38	38	37	36	36	33	33	33	33
Nameplate Capacity	5,200	5,200	5,400	5,000	5,000	5,000	4,430	4,430	4,430	4,430
Capacity Use (%)	56.4%	39.6%	55.9%	65.2%	55.2%	48.8%	29.7%	44.2%	49.0%	22.6%
Feedstock Use (1,000 MT)										
Soybean oil*	2,600	1,820	2,670	2,870	2,430	2,200	1,180	1,750	1,950	900
Market Penetration (Million Liters)										
Biodiesel, On/off-road use	1,100	1,150	1,180	1,335	1,250	1,292	570	500	812	740
Diesel Pool, On/off road 1/	12,433	12,801	12,623	13,147	12,926	12,848	10,973	12,540	13,700	13,100
Blend Rate (%)	8.8%	9.0%	9.3%	10.2%	9.7%	10.1%	5.2%	4.0%	5.9%	5.6%
Diesel Pool, Total 1/	14,233	15,001	15,023	14,547	13,826	13,248	11,773	13,560	14,778	14,000

Note 1/ Fuel pools are defined as fossil fuels plus all "bio-components" (biofuels) blended with fossil diesel. f = forecast

Note 1/ Fuel pools are defined as fossil fuels plus all "bio-components" (biofuels); on/off road series excludes statio power (Cammesa).

**1 MT of soybean oil (1x refined) yields 1,128 liters of biodiesel*

Source: Private estimate based on official data from Secretariat of Energy of Argentina, the International Energy Agency, and local private sources

Source: Argentina: Biofuels Annual | USDA Foreign Agricultural Service

232. Without policy to support higher blending rates, consumption of biodiesel in Argentina is low. The Argentine domestic market is also restricted for large biodiesel plants, as only small and medium sized plants can serve the domestic market under the official mandate. Due to limited export markets, large biodiesel plants are operating well below capacity. This suggests that subsidised imports into the UK are likely to recur if the current countervailing amounts were no longer applied.

G8. Conclusion

233. To determine whether subsidised imports of the goods subject to review would be likely to continue or recur if the measures no longer applied, we have conducted a holistic assessment of all the above relevant factors.

234. Our findings indicate that the GoA's support to the biodiesel industry through the provision of soybeans at LTAR is likely to still be in place, and likely to continue to be available in the coming years.

235. The Santa Fe Provincial Tax Exemption is also in place, and likely to remain in place over the next five years.

236. As no overseas exporters from Argentina participated in the review process, and in the absence of evidence suggesting otherwise, we have concluded that it is likely that overseas exporters in Argentina continue to benefit from these subsidies.

237. The UK is an attractive market for biodiesel exporters, due to mandatory blending obligations of biodiesel in vehicles under the RTFO. The UK industry is unable to meet UK demand and is a net importer of biodiesel. The Argentine export market is limited due to anti-dumping measures and countervailing duties in Peru, the US and the EU, and the Argentine domestic market is restricted for large biodiesel producers, as only small- and medium-sized plants can serve the domestic market under the official mandate. This, along with the fact that large biodiesel producers in Argentina are operating well below capacity, makes the UK an attractive market.

238. Having considered all relevant factors assessed, we have determined that, on the balance of probabilities (more likely than not), subsidised imports of the goods subject to review would be likely to recur if the measures were no longer applied to those goods.

SECTION H: Likelihood of injury assessment

H1. Introduction

239. We are required under regulation 99A(1)(b) of the Regulations to consider whether injury to a UK industry in the like goods would be likely to continue or recur if the countervailing measure were no longer applied to the goods subject to review.

240. Where primary data was not available, information obtained from secondary sources was used in accordance with the Regulations.

241. To conduct the injury likelihood assessment, we considered:

    a. domestic and international market conditions;

    b. the current state of the UK industry;

    c. undercutting of the UK industry;

    d. historic injury; and

    e. any other relevant factors.

242. We conducted this assessment to inform our determination as to whether the measure should be varied or revoked.

243. It is important to note that there were no or minimal imports of the goods subject to review during the injury period. We will therefore conduct the following analysis in the context of a UK industry being protected by the measures across the period. We will analyse what has happened with the injury factors during this time and consider what would happen if the current measure were to be revoked.

244. Not all of the above factors have to show negative trends for the TRA to conclude that injury would be likely to continue or recur if the existing countervailable measure were no longer applied. In determining whether injury is likely we have conducted a holistic assessment of all relevant factors (as set out under paragraph

217) and reached a conclusion on the balance of probabilities whether such factors indicate that injury is likely to continue or recur.

H2. Current state of the UK industry

245. In assessing the current state of the UK industry, we considered the following injury indicators:

    a. Actual and potential decline in:

        i. Sales;

        ii. Profits;

        iii. Output;

        iv. Market share;

        v. Productivity;

        vi. Return on investment;

        vii. Utilisation of capacity;

    b. Factors affecting domestic prices

    c. Actual and potential negative effects on:

        i. Cash flow

        ii. Inventories;

        iii. Employment;

        iv. Wages;

        v. Growth;

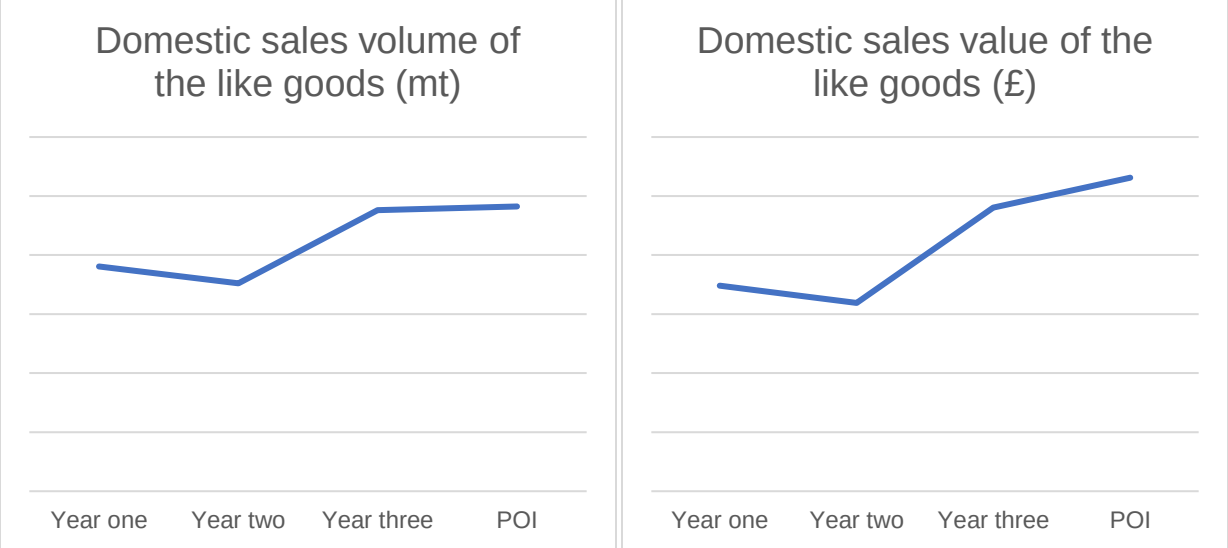
        vi. Ability to raise capital or investments.

246. We have considered each factor individually to get an understanding of the current UK industry, but as set out in paragraph 220, our overall conclusion is based on a holistic assessment of all relevant economic factors.

H2.1. Sales

Table 10: Argent and Olleco domestic sales of the like goods				
	Year 1	**Year 2**	**Year 3**	**POI**
Domestic sales volume of the like goods (mt) index	100	93	125	127
Domestic sales value of the like goods (£) index	100	92	138	153
Unit price (£) index	100	99	110	120
Source: Argent and Olleco questionnaire responses				

Image 4: Argent and Olleco domestic sales of the like goods



Source: Argent and Olleco Questionnaire responses

247. Argent produces one specification of biodiesel: P2P100. This biodiesel that has a positive Cold Filter Plugging Point (CFPP), is double-counted as it is produced from waste feedstock, and is 100% pure biodiesel, not blended.

248. CFPP is the method used to determine the low-temperature operability of biodiesel. Double counting refers to the certificates awarded to biofuels which are derived from feedstocks which yield greater greenhouse gas savings. Feedstock refers to “any sustainable and renewable resource (biomass or renewable energy source) that can be converted into, or used directly, as a transport fuel or other energy product.” The RTFO publishes a list of approved feedstocks.

249. Argent blends some of its biodiesel with ULSD and then sells this product. Our assessment is only concerned with biodiesel specifically, whether in pure form or as part of a blend, but not the blends. The ULSD component has not been included as part of the like goods for the purpose of this assessment.

250. Sales of biodiesel constitute Argent’s primary operations and the sale of relevant biodiesel by-products is contingent on the production of biodiesel. As such, Argent is particularly vulnerable to negative effects on its biodiesel sales as the company does not sell any products entirely removed from its biodiesel operations. By-products sold by Argent are as follows:

    - Glycerine (crude, not refined by Argent) is sold for anaerobic digestion.
    - Fertiliser is sold for agriculture use.
    - Distillation residue is sold as a burning fuel.

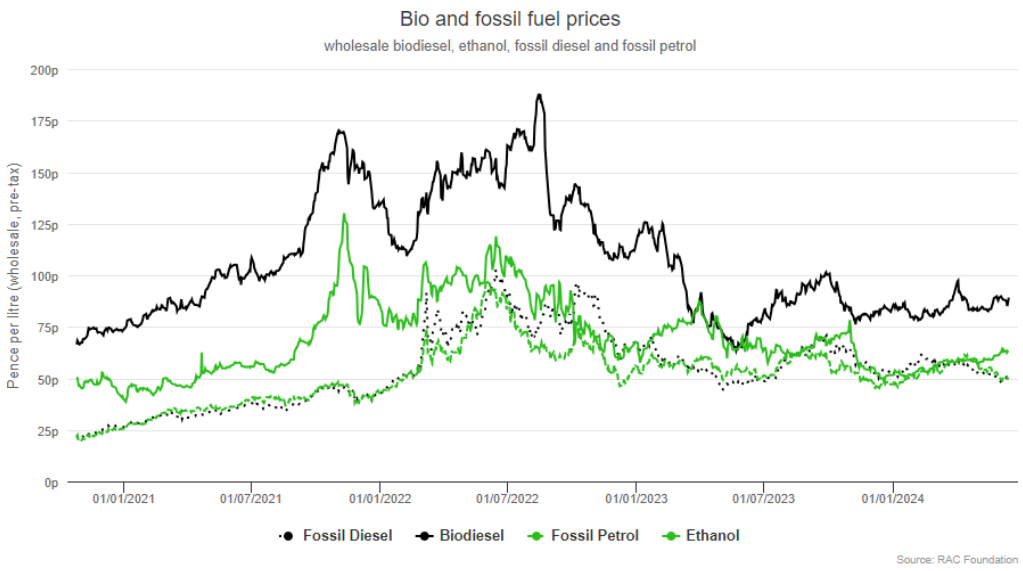
251. The production of biodiesel constitutes one of Olleco’s business operations, with some sales directly linked to biodiesel of glycerol and UCO Grade R into other industrial processes. Olleco supplies a range of cooking oils to the UK hospitality sector and organises the collection of used cooking oils, fats and food waste. Olleco also operates processing sites which convert food waste into biomethane via a process called Anaerobic Digestion. While biodiesel production is a major revenue stream for Olleco, the company conducts business operations separate from biodiesel production, and as such, is slightly more resilient to negative effects on its biodiesel sales.

252. Figures submitted by Argent and Olleco show that their domestic sales volume fluctuated over the POI and injury period, with an overall increase from year 1 to the POI. Domestic sales volume showed a 7% decrease between year 1 and year 2. As discussed in more detail in Section H5.8 (COVID-19 restrictions)., it is possible that the drop in sales volume here is a result of the COVID-19 pandemic's effects on the biodiesel industry; in particular, shutdowns of the food service industry and supply-chain disruptions impacting UCO availability and price. Argent and Olleco's domestic sales volume then increased significantly between year 2 and year 3 following Covid-19 before returning to a more levelled increase of 2% into the POI. Whilst sales volumes dropped during the COVID-19 pandemic, there have been increases in subsequent years, although the increase was less in the POI.

253. Individually from year 3 into the POI, Argent saw a 1% decrease in domestic sales volume and Olleco saw an 11% increase in domestic sales volume. This corresponds to the 2% increase seen in Argent and Olleco's domestic sales. Of the sales we looked at, 71% of domestic biodiesel sales were produced by Argent and 29% were produced by Olleco biodiesel sales during the POI.

254. Trends over the POI and IP show that the unit price of Argent and Olleco's domestic sales of biodiesel has increased over time, with the UK industry seeing a 27% overall increase in sales by volume and a 53% increase in sales by value across the same period. This aligns with RAC Foundation biodiesel prices for year 2 and 3 which show that UK biodiesel prices increasing, but not for the POI, which shows a drop in the biodiesel sales price in the UK. The UK industry make up only 5% of UK market share, and as such has a limited impact on the UK biodiesel sales price.

Image 5: Bio and fossil fuel prices 2021 - 2024



Source: [Price of bio fuels v fossil fuels (racfoundation.org)]

H2.1.2. Domestic vs export sales

Table 11: Argent and Olleco domestic sales vs export sales				
	Year 1	**Year 2**	**Year 3**	**POI**
Argent and Olleco domestic sales (mt) index	100	93	125	127
Export sales volume (mt) index	100	93	125	156
Source: Argent and Olleco questionnaire responses				

255. During the injury period, domestic sales accounted for 52% of Argent's biodiesel sales. This shifted to 47% during the POI when Argent increased its proportion of biodiesel exports.

256. This move towards exports in the POI shown in Argent's sales data is explained in its questionnaire response, where Argent states that "*A depression of UK prices for UK producers below import prices would initially push UK production towards export. However, exporting to the EU adds freight costs of around $40/tonne. If this makes EU sales un-competitive for example, then the viability of UK production must be reviewed*." This stance is echoed by Olleco.

257. There were minimal imports of biodiesel entering the UK from Argentina during the POI, which is a likely consequence of the application of the current countervailing measure. Argent and Olleco suggest that an influx of subsidised biodiesel imports from Argentina would result in the companies moving increasingly to export markets. The additional freight costs associated with export would have a negative impact on total turnover.

H2.1.3. Production vs domestic sales

258. We have assessed confidential data from Argent and Olleco to assess vulnerability. During the POI, Argent and Olleco's aggregated figures for cost of production compared to the sales value showed that the UK industry is currently in a vulnerable position.

H2.1.4. Argentinian sales

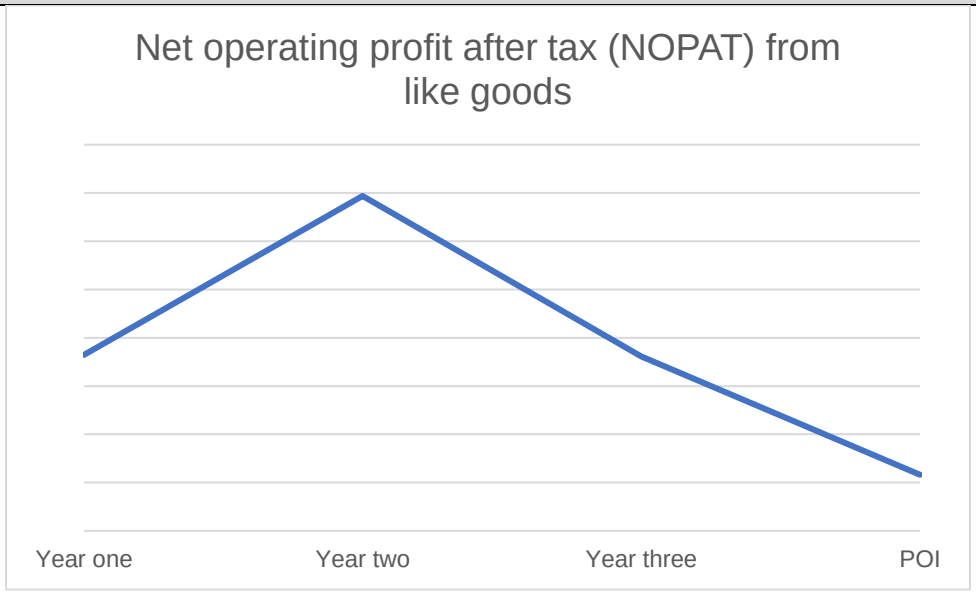
259. As set out under Section H1 (Introduction), over the injury period and POI, there were minimal or no imports of goods subject to review, indicating that there is no correlation between imports from Argentina and UK industry domestic sales figures. Low levels of imports do not necessarily mean that injury would be unlikely to recur if measures were revoked.

260. In conducting our subsidy likelihood assessment, we concluded that it is likely that imports of the goods subject to review would recur if the measure no longer applied to those goods. The EU, US, UK and Peru have measures in place against biodiesel from Argentina. The 2024 USDA Biofuels Report on Argentina reported that the negotiated price scheme between Argentina and the EU is unfavourable to trade, and that the minimum import price that Argentine product is traded under was, and remains, currently too high compared to biodiesel prices in Europe. Additionally, the blending obligation under the RTFO is set to increase further to 17.68% by 2032. From this, we can expect an increase in the demand for biodiesel in the UK.

261. With the UK as one of few available markets for an increasing Argentinian production capacity, the UK biodiesel industry is in a vulnerable position should imports recur.

H2.2. Profit

Image 6: Argent and Olleco Net Profit



Source: Argent and Olleco Questionnaire responses

262. According to Argent, the company's total profit and the profit for the like goods are not segregated and as such the figures for Argent represent total company NOPAT. Consequently, NOPAT figures may be affected by export sales and the sales, albeit minor, of by-products. Data available to us from Argent's questionnaire submission concerning domestic cost of production and sales suggests that Argent is in a vulnerable position with regard to the NOPAT of the like goods sold domestically.

263. Argent and Olleco's NOPAT fluctuated substantially over the IP and POI. NOPAT was low in year 1 but saw an increase into year two before decreasing in year 3, where there were two significant drops in biodiesel price, with the sharpest drop seen when the UK sales price of biodiesel plummeted from 185.24p per litre in

August 2022 to 121.97p per litre in September 2022; this negatively affected profit margins.[53] The POI saw a continuing decrease in the UK biodiesel sales price while NOPAT also decreased significantly from year 3 to the POI. The NOPAT percentage has been calculated as an average, weighted against Argent and Olleco's domestic sales. This decline in NOPAT has occurred despite the increase in Argent and Olleco's domestic sales price for biodiesel in the POI.

H2.2.1. Reasonable Profit Margin

264. We compared Argent's profit margin during the POI to what the company would consider a reasonable margin of profit in the normal course of trade. When considering the appraisal of a new biodiesel facility in Amsterdam, Argent's parent company, Jon Swire & Sons, calculated a reasonable margin of profit for this venture. Given that the EU market differs from that of the UK market, and that we do not have available data to compare the size and scale of the facility in Amsterdam with Argent's UK-based facilities, it is not possible to determine a reasonable profit margin for Argent.

265. We do not have a reasonable profit margin for Olleco.

H2.3. Interest Expense

Table 12: Argent's interest expense

	Year 1	Year 2	Year 3	POI
Interest expense (£) index	100	74	73	203

Source: Argent questionnaire response

266. For Argent, this represents the interest payable for funds that Argent received from its parent company. Between years 1 and 2 of the injury period, total interest expenses incurred for the whole company decreased, before becoming more

[53] RAC Foundation Price of bio fuels v fossil fuels (racfoundation.org)

stable between years 2 and 3. The interest expense figure then increased substantially by 130% from year 3 to the POI.

Image 7: Argent's interest expense

Source: Argent Questionnaire response

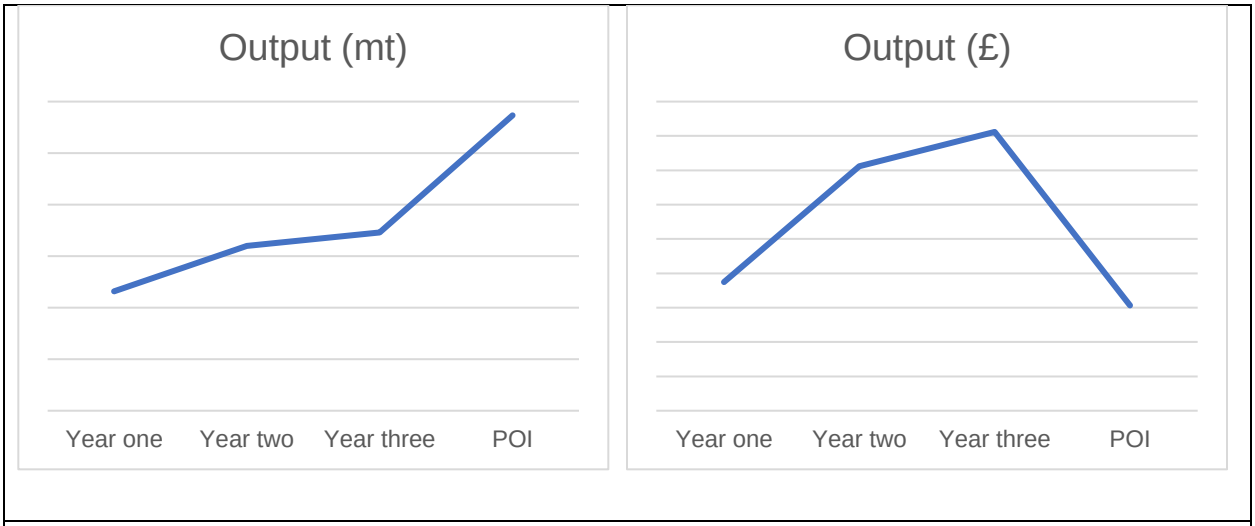
H2.4. Production Output

Table 13: Argent's output

	Year 1	Year 2	Year 3	POI
Output (mt) index	100	103	105	113
Output by sales value (£) index	100	103	105	99

Source: Argent questionnaire response

Image 8: Argent's output



Source: Argent Questionnaire response

267. Only Argent's data is used for the consideration of this factor. Output here refers to total output of the like goods, that may be destined for domestic or export sales.

268. Argent's production output correlates closely with its sales. Other than small stock movement, it is our understanding that Argent does not hold large amounts of stock per month and so this stock movement is minimal.

269. Argent's production output by volume and value experienced an overall increase from the beginning of the injury period until year 3 of the injury period. During the POI, the production output by volume continued to increase, reaching 13% higher than year 1 but in contrast, the value of that output dropped substantially to 1% lower than in year 1. This suggests a drop in the price of biodiesel between year 3 and the POI; this is corroborated by RAC Foundation biodiesel price figures seen in Section H2.1 (Sales), which suggest an overall decrease in biodiesel prices from the end of 2022 onwards.

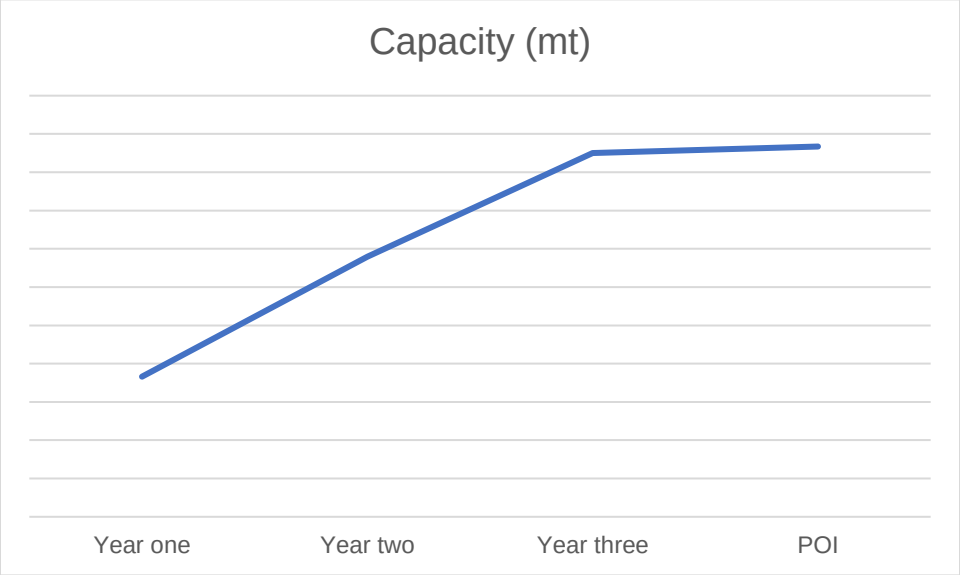
270. Biodiesel demand in the UK is relatively fixed, as it is driven by government mandates that require fuel suppliers to blend a percentage of renewable fuels into the fuel they supply. As such, demand is based almost entirely on government blending targets and the demand for road-transport diesel. Therefore, biodiesel producers in the UK are incentivised to increase output as much as possible

knowing that there are requirements for the demand to be met. Whilst Argent production output by volume has continued to increase, production output by value has fallen.

H2.5. Capacity utilisation

Table 14: Argent and Olleco capacity and utilisation of capacity				
	Year 1	**Year 2**	**Year 3**	**POI**
Capacity (mt) index	100	100	100	100
Utilisation of capacity index	100	98	111	120
Source: Argent and Olleco questionnaire response				

Image 9: Argent and Olleco capacity



Source: Argent and Olleco questionnaire response

271. Argent stated in its questionnaire response that the company does not produce to demand; it produces to maximum capacity. This operational stance for running a biodiesel facility in the UK is echoed by Olleco in its questionnaire response.

272. Plated capacity has been used for capacity and this remained consistent over the IP and POI. According to Argent it can increase utilisation of capacity after de-bottlenecking and improving efficiencies. Capacity utilisation increased year on

year, with the exception of a 2% decrease seen in year 2, which is consistent with Covid-19's impact on the road-transport industry, feedstock supplies and demand for diesel. Argent's announcement of its intention to close its facility in Motherwell will reduce UK biodiesel production capacity.

H2.6. Market share

Table 15: UK Market share (Argent and Olleco)				
	Year 1	**Year 2**	**Year 3**	**POI**
Market share of UK industry (%)*	4.8%	5.3%	6.8%	5.5%
Index	100	111	141	114
UK consumption of biodiesel	1,584,856	1,324,594	1,402,351	1,782,833
Index	100	84	88	112
Third country imports index	100	83	87	112
Market share of third country imports (%)	95.2%	94.7%	93.2%	94.5%
Index	100	99	98	99
Source: RTFO Final 2023 4th Provisional Report, RTFO 2022 Final Report, Questionnaire responses. *Includes data from Argent and Olleco.				

273. Market share is calculated by dividing the UK industry domestic sales volumes of like goods by the total UK consumption figures. As mentioned in Section H2.1.2. (Domestic vs export sales), the UK industry – composed of Argent and Olleco for the purposes of this review – makes up only 5.5% of UK market share (3.9% and 1.6% respectively) during the POI. The market share of Argent and Olleco increased from 5% during year 1, before remaining stable at 7% during years 2 and 3, and then declining during the POI to 6%. Argent had a 5% market share of the UK industry in year 3 which reduced to 4% during the POI. This may reflect Argent's decision to shift operations away from domestic sales to export.

H2.7. Employment and Productivity

Table 16: Productivity and employment at Argent

	Year 1	Year 2	Year 3	POI
Number of employees for like goods (FTE)	175	138	143	146
Index	100	79	82	83
Productivity (employees/output metric tonnes) index	100	131	128	136

Source: Argent questionnaire response

Image 10: Productivity and employment at Argent

Source: Argent questionnaire response

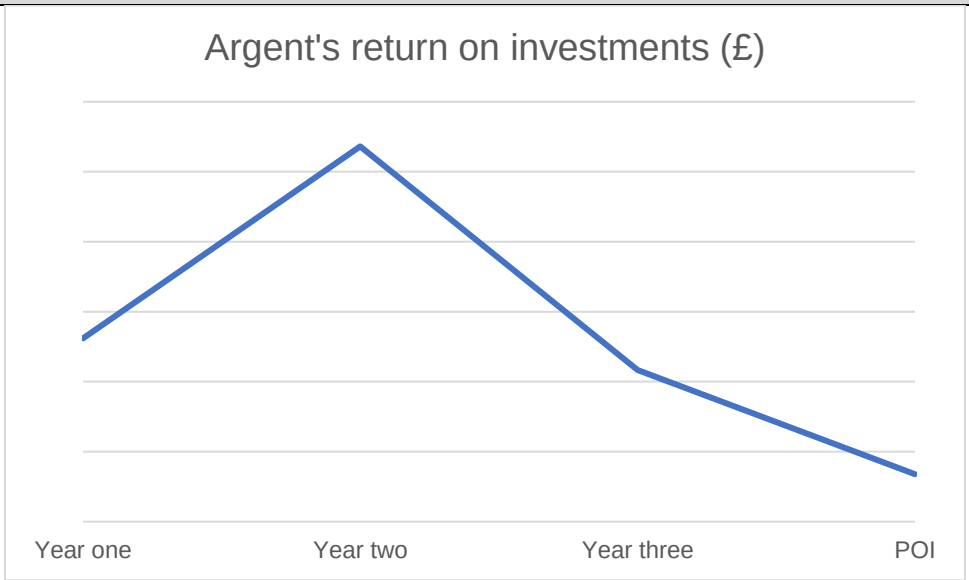
274. Productivity per employee figures shown in Table 16 are an approximation based on dividing total output by volume (Table 13) by total number of employees for the like goods (Table 16). It is worth noting that the figures for total number of employees for the like goods are also an approximation, based on an apportionment of total number of employees according to the like goods share of total sales volume. This productivity does not segregate between like goods destined for export and those sold domestically.

275. Despite initial lower productivity in year 1, productivity was relatively consistent from year 2 through to the POI. Argent's figures show a trend towards greater productivity from year 1 to the POI per employee whilst operating with fewer employees working on the production of the like goods.

276. Most of Argent's workforce is concentrated at their site at Chester, with a small number based in Motherwell, Scotland. The number of employees for like goods refers to all personnel directly involved in the production of biodiesel. Argent stated in its questionnaire response that if one of its sites is unprofitable due to the subsidised imports, the company would have to end production, thus creating a risk to jobs. In April 2024, Argent entered consultation on plans to end production at its biodiesel plant in Motherwell.[54] These plans were confirmed in person with Argent during the verification visit.

H2.8. Return on investment (ROI)

Image 11: Argent ROI



Source: Argent questionnaire response

277. Argent reported that ROI is driven by profitability levels and not largely influenced by investments. This is evident in the image below that demonstrates Argent's ROI calculation. Net assets figures fluctuate over the IP and POI in predominantly a negative trend but largely do not represent the trends seen in the ROI, which are

[54] Argent Energy proposes to end production at its biodiesel plant in Scotland | Argent Energy

more in line with the trends evident in Argent's NOPAT, which is discussed in Section H2.2 (Profit).

278. As mentioned in Section H2.2 (Profit). the price of biodiesel saw a steady increase in year 2, which allowed a profit margin increase. Then in year 3, the price of biodiesel fluctuated dramatically, and saw two significant drops in biodiesel price. The price of biodiesel in the UK plummeted, and despite a spike in price in August 2022 at 187.99p per litre, the price of biodiesel rapidly declined, reaching 100.30p per litre on 29 October 2023. The price of biodiesel has continued to decline since then (as of 20 September 2024). The result of this is Argent's low NOPAT and ROI figures during the POI. Given the current outlook on the price of biodiesel, which has not increased following the POI, we have found no indication that a positive ROI is likely following the POI.

H2.9. Cash Flows

279. We have not been able to assess this factor due to data constraints and it has no bearing on our overall assessment.

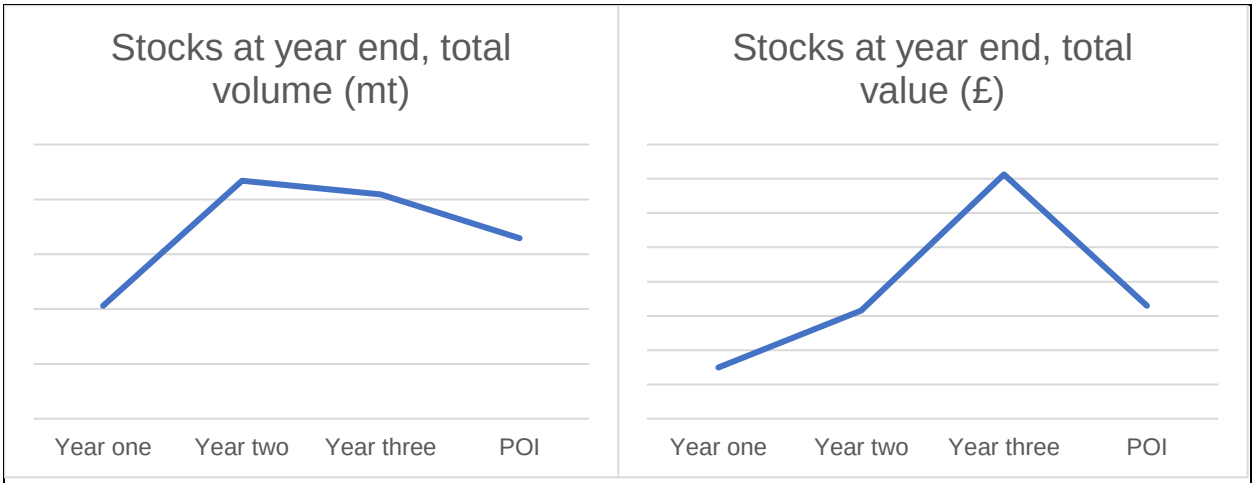
H2.10. Inventories

Table 17: Argent and Olleco inventory

	Year 1	Year 2	Year 3	POI
Stocks at year end manufactured by Argent and Olleco in the UK, total volume (mt) index	100	136	142	99
Stocks at year end, total value (£) index	100	132	286	120

Source: Argent and Olleco questionnaire responses

Image 12: Argent and Olleco inventories



Source: Argent and Olleco questionnaire responses

280. Verification with Argent clarified that Argent's stock is calculated only with biodiesel finished goods, not raw materials or work in progress.

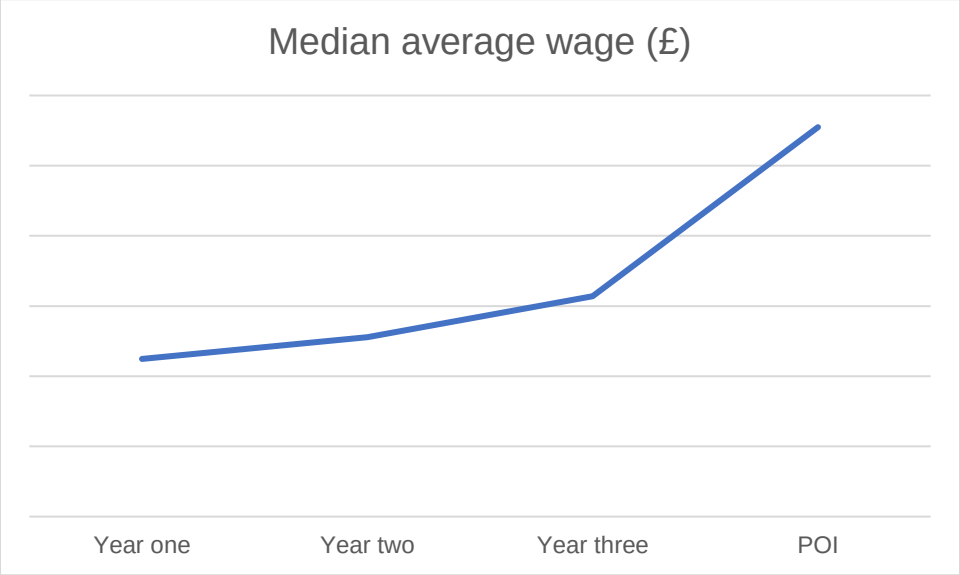
281. Both the volume and value of stock fluctuated and were not consistent over the IP and POI. Argent explained during verification that it does not produce to order, instead runs as much production as it can and the stock level at any particular period is based on whenever Argent is able to sell its production. One large bulk order can significantly change the value at year end, and this may skew the trends depending on which side of the year end cut-off line the bulk order falls.

282. Argent explained that in the first half of 2022, there was a large gap between the cost of the feedstocks and the sale price of the biodiesel, but in the latter half of the year and since then, the sales price of biodiesel dropped. This means that the value of the stock can change significantly between years while the volume is largely the same. As a consequence, the cost of the feedstock when the company bought it may be much closer to the sales price by the time it sells it, which can have an impact on profit and forecasting. This makes Argent and Olleco particularly vulnerable to shocks in the market.

H2.11. Wages

Table 18: Argent's median average wage				
	Year 1	**Year 2**	**Year 3**	**POI**
Median average wage index	100	102	105	119
Source: Argent questionnaire response				

Image 13: Argent median average wage



Source: Argent questionnaire response

283. Wages have increased throughout the injury period. Argent stated in its questionnaire response that wages are benchmarked against relevant related industries. During the POI, the UK saw high levels of inflation which peaked at 11.1 percent in October 2022. This can explain the largest increase seen between year 3 and the POI.

H2.12. Growth

Table 19: Argent and Olleco turnover				
	Year 1	**Year 2**	**Year 3**	**POI**
Turnover of like goods (£) index	100	93	136	175
Source: Argent and Olleco questionnaire responses				

Image 14: Argent and Olleco turnover

Source: Argent and Olleco questionnaire response

284. As mentioned, the UK demand for biodiesel is driven by DfT's RTFO. This obligation is increasing demand year by year.

285. To further assess growth within the UK industry, we have considered the revenue of Argent and Olleco's like goods over the IP and POI. Turnover of the like goods increased by 75% over the total IP and POI but this was not a linear increase and saw a decrease in year 2 by 7%. It is likely that this is a consequence of the Covid-19 pandemic's impact on feedstock supplies and supply chains, and the lower demand for diesel. Nonetheless, the overall trend to increase suggests growth within the UK industry.

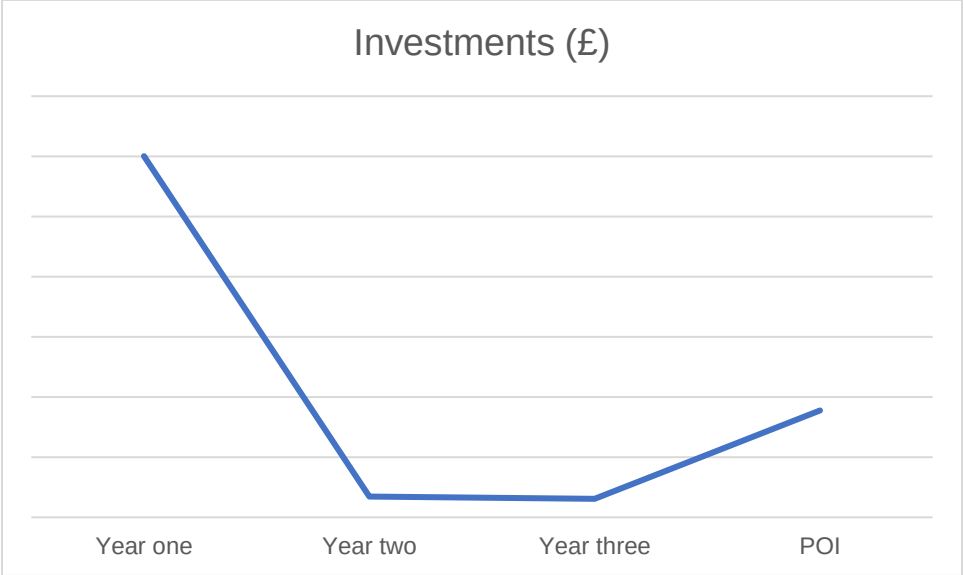
286. Other growth indicators include increases in production output volumes (see Section H2.4 (Production output)), and Argent and Olleco's average sales value (see Section H2.9 (Cashflows)). While combined output has increased for Argent and Olleco over the IP and POI, Argent and Olleco are reaching plated capacity in their factories and cannot surpass this without investment and so are limited in potential growth in this area. Additionally, Argent has announced the closure of its

Motherwell plant, which will remove capacity from potential production output. In terms of Argent and Olleco's average sales price, we understand that the UK sales price has decreased, which will affect profit margins.

H2.13. Ability to raise capital or investments

Table 20: Olleco's investments				
	Year 1	Year 3	Year 3	POI
Investments index	100	6	5	30
Source: Olleco questionnaire response				

Image 15: Olleco's investments



Source: Olleco questionnaire response

287. Olleco's investments by year show an overall decreasing trend. Between year 1 and year 2, Olleco's investments decreased 94% in year 2 and then remained low through year 3. Olleco has ascribed the high investment in year 1 to a plant expansion in 2019/2020. The drop in investment in year 2 is also likely an impact of the Covid-19 pandemic. The trend for investments then increases by 25% into the POI. It is difficult to assess Olleco's investments for this factor given the impact of the plant expansion investment and the Covid-19 pandemic.

H3. Price undercutting of UK industry

288. Price undercutting occurs when the exporters' goods subject to review are consistently priced lower than like goods produced in the UK. In the event of undercutting, the UK industry may be forced to reduce its prices to compete against the lower-priced imports, or risk losing market share. This may also prevent prices of like goods produced in the UK from rising to a level that the UK industry would otherwise achieve.

289. We have been unable to assess price undercutting accurately and reliably in this transition review as HMRC data has indicated minimal (fewer than five consignments) or no imports from Argentina during the POI and IP, overseas producers in Argentina did not submit relevant data and information from secondary sources have been considered an inappropriate source to calculate undercutting.

H4. Factors affecting domestic prices

290. Biodiesel is a commodity, with the price set by international market conditions based on supply and demand. One of the main drivers in price is the cost of the raw material: feedstock. Any factors that impact the cost of feedstock will impact the cost of production and the UK domestic sales price.

291. Feedstock can be divided into two categories - waste feedstock and non-waste feedstock. Examples of waste feedstock includes UCO, animal fats (tallow) and food waste. Examples of non-waste feedstock include cereal (wheat, maize and other grains) and vegetable oil (rapeseed oil, palm oil, soybean oil).

292. Waste feedstocks represented 93% of biodiesel used in the UK in 2022[55]. Waste feedstocks used in the production of biodiesel are in high demand as they offer lower greenhouse gas emissions. The RTFO framework further incentivises the use of waste-based feedstock over alternatives as waste-based feedstocks are

[55] Renewable fuel statistics 2022: final report - GOV.UK (www.gov.uk)

eligible to receive double the number of Renewable Transport Fuel Certificates (RTFC) for every litre or kg of biodiesel under the RTFO framework at present.[56]

293. The UK industry currently only produces biodiesel with waste-based feedstock. Although waste feedstocks do not compete with food crops, waste feedstocks are in short supply partly due to limited collection potential in the UK, and this collection potential is only slightly higher than waste collection figures seen in 202357. This limited waste-feedstock supply can also be attributed to the use of UCO and animal fats – both types of waste feedstock – exhausting almost 100% of estimated supplies in forecasts up to 2027.[58]

294. New technologies for biodiesel production (e.g. biomass-based Fischer-Tropsch) are needed to expand the range of available waste feedstocks and this would require significant investment.[59] For the UK industry, this would require substantial alterations to production. Without investment, the UK industry must rely on imports from the heavily competitive and changeable waste-feedstock market for its main raw material. Transport & Environment (the European federation of green transport non-government organisations) report that countries in Europe consumed close to eight times higher than the collected volumes estimates in 2023 and four times the continent's maximum potential, with demand growing much faster than supply[60].

295. Only 11% of waste feedstock originating in the UK was used in production of renewable fuels in the UK in 2022.[61] Since 89% of waste feedstock used in the UK is imported, and feedstock is the most significant component in determining price, the price of biodiesel in the UK is heavily dependent on the international prices of waste feedstock.

296. The price of UCO can also be linked to oils used in cooking such as vegetable oil, and other feeds. The Organisation for Economic Cooperation and Development

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[56] RTFO list of feedstocks including wastes and residues - GOV.UK (www.gov.uk)
[57] UCO (Unknown Cooking Oil): High hopes on… | Transport & Environment
[58] Is the biofuel industry approaching a feedstock crunch? – Analysis - IEA
[59] Biofuels - Energy System - IEA
[60] UCO (Unknown Cooking Oil): High hopes on… | Transport & Environment
[61] Renewable fuel statistics 2022: final report - GOV.UK

(OECD) and Food and Agriculture Organisation of the United Nations (FAO) analysed the price of oils and cereals in the Agricultural Outlook 2024-2033[62]. Wheat and maize prices reached near-record and record levels in 2022 following the outbreak of Russia's war against Ukraine. However, by 2023, wheat and maize prices reached their lowest values since 2021. The OECD and FAO report that ample supplies, strong competition among exporters, continued shipments from Ukraine by alternative routes, along with lower input prices all contributed to the downward trend[63]. However, Stratas' assessment notes that biodiesel production in the UK relies on feedstock imports and often cannot benefit from this price reduction because of import costs and excise duties for UCO.[64]

297. The UK biodiesel industry has informed us that injury to the UK biodiesel industry is predominantly driven by oversupply of biodiesel from countries in which either subsidies are available within the supply chain, or other market conditions determine that biodiesel can be produced at a lower cost.

298. Whilst feedstock costs have reduced globally over the injury period, this was not sufficient to compensate for the decrease of sales price in the same period, and the effect of this can be seen in the UK industry's profits in year 3 and the POI.

299. The chemicals used in the transesterification process also influence the domestic price of biodiesel. Methanol is the most used catalyst in the process. While bio-methanol has begun production, almost all methanol sold commercially at present is produced by fossil fuels (coal or natural gas) and demand for methanol is increasing, with a large part of this demand being met by methanol production from coal in the PRC.[65] The cost of methanol fluctuated over the IP and POI, with the cost at its highest at the beginning of year 3.

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[62] OECD-FAO Agricultural Outlook 2024-2033 | OECD-FAO Agricultural Outlook | OECD iLibrary (oecd-ilibrary.org)
[63] OECD-FAO Agricultural Outlook 2024-2033 | OECD-FAO Agricultural Outlook | OECD iLibrary (oecd-ilibrary.org)
[64] UCO (Unknown Cooking Oil): High hopes on… | Transport & Environment
[65] Innovation Outlook: Renewable Methanol

300. The UK biodiesel industry has informed us that it has low profit margins based around the difference between the domestic biodiesel price and the price of feedstock, which is largely imported. Large fluctuations in feedstock price would leave the UK industry vulnerable to the impact of subsidised imports from Argentina on the domestic biodiesel sales price.

301. Another major factor affecting domestic prices is energy costs for biodiesel production. This will be addressed below in G5.3.

H5. Domestic and international market conditions

302. The TRA has considered market conditions in the UK and in international markets for the goods subject to review and the like goods.

H5.1. Supply and demand

303. Demand for biofuel (such as ethanol and biodiesel) depends on two factors - government mandates and transport fuel demand. Biofuels are expected to remain important renewable alternatives to fossil fuels within the transportation sector. The growth rate is expected to continue to increase over the coming decade.[66] However, S&P Global Commodities predicts that post 2040, shrinking road fuel demand will act as a drag on biofuel demand, which will start to decline.[67]

304. Emerging economies, notably Brazil, Indonesia, and India, are anticipated to drive most of the new biofuel demand, as biofuels continue to serve as the primary decarbonisation option in these regions. All three countries have mandated biofuel shares, rising transport fuel demand, and abundant feedstock potential.

305. Demand for biodiesel in the UK stems from the RTFO set by the DfT and from demand for diesel. The RTFO is one of the UK Government's main policies for reducing greenhouse gas emissions from road transport in the UK. Under

[66] OECD-FAO Agricultural Outlook 2024-2033 | OECD-FAO Agricultural Outlook | OECD iLibrary (oecd-ilibrary.org)
[67] Fueling the Future: Biofuels powering progress on net zero

the RTFO, suppliers of relevant transport fuel in the UK must be able to show that a percentage of the fuel they supply comes from renewable and sustainable sources. In 2021, because of the RTFO, 2,562 million litres of renewable fuel were supplied for use in UK transport. This constitutes 5.4% of total transport fuel supplied.[68] In 2022 this increased to 6.8%.[69]

306. Demand for biodiesel within the EU is affected by the various renewable energy initiatives that have been implemented at national and continental levels. This includes the Renewable Energy Directive (RED) and Fuel Quality Directive (FQD), established by the European Parliament. RED in particular commits European nations to a volume-based mandate of 10% biofuel contribution in transport fuels by 2020.[70]

307. Argentina's biodiesel production dropped to 0.83 million metric tons in 2023, down from over 1.9 million metric tons in the previous year. This represented the lowest figure reported over the last decade[71]. Argentina exported approximately 0.28 million metric tons of biodiesel in 2023, down from 1.24 million metric tons in the previous year. This represented the lowest figure reported at least since 2010.[72]

308. It has been reported that the drop in exports and production is due to severe drought affecting the agriculture sector, which has been exacerbated by high temperatures linked to climate change. However, soybean harvest is expected to recover to average levels of crushing activity in April 2023 to March 2024.[73] As biodiesel in Argentina is almost solely produced using soybean oil, it is reasonable to conclude that as harvests recover, production can be expected to increase from

[68] Renewable Transport Fuel Obligation (RTFO): compliance, reporting and verification - GOV.UK (www.gov.uk)
[69] Renewable fuel statistics 2022: final report - GOV.UK (www.gov.uk)
[70] Biodiesel Price Assessment Explained | S&P Global Commodity Insights (spglobal.com)
[71] Argentina: biodiesel exports 2023 | Statista
[72] Argentina: biodiesel exports 2023 | Statista
[73] Latin American soy crush to rise in 2024 on crop recovery, higher biodiesel mandate | S&P Global Commodity Insights

the record lows. This is forecast in the 2024 USDA Biofuels Report on Argentina as discussed in Section H2.4 (Production output).

309. There are limited markets with significant demand for biodiesel which have been further limited because of anti-dumping measures and countervailing measures[74]. Biodiesel originating in Argentina is subject to anti-dumping measures in Peru and the US and countervailing duties in the EU, Peru, the UK, and the US[75]. Shipments to discretionary markets seldom take place – and only when biodiesel made from soybean oil is cheaper than fossil diesel. The EU remains the major market for Argentina due to its size and 1.2-million-ton yearly quota in place[76]. Furthermore, a number of these markets have substantial biodiesel production of their own which would reduce the demand for imports. Biodiesel production in some of these countries may be also benefitting from subsidies themselves, such as Indonesia, whose exports are subject to countervailing duties in the UK.

310. If the measures that are currently in place in the UK are revoked, then the UK industry in the like goods is likely to be vulnerable to the subsidised exports of the goods subject to review from Argentina, as discussed in Section G (Likelihood of subsidy assessment).

H5.2. Prices

311. Biodiesel is a commodity, with the price set by international market conditions based on supply and demand.

312. The OECD and FAO analyse the price of biodiesel in the Agricultural Outlook 2024 to 2033. It reports that nominal prices for biodiesel experienced a decline in 2023, a trend which is expected to persist into 2024 and primarily attributed to lower feedstock and oil prices. Projections indicate a gradual increase in nominal prices

[74] biofuel-mandates_fact-sheet6-biofuel.pdf
[75] Home - Trade Remedies Data Portal (wto.org)
[76] USDA Biofuels Annual Report 2024

up to 2033. However, in real terms, biodiesel prices are anticipated to decrease over the next decade.

313. The decrease in biodiesel prices may have a longer-term bearing on the resilience and vulnerability of the UK industry in the future if the UK industry has to compete with subsidised biodiesel, or biodiesel that can be produced at a lower cost due to feedstock availability.

H5.3. Increased operational costs from manufacturers

314. The Russia-Ukraine war led to an unprecedented surge in energy prices which triggered a global energy crisis. Data from the Department for Energy Security and Net Zero shows a clear increase in both electricity and natural gas prices over year 3 and the POI in the UK.[77] This aligns with Argent's statement that energy is a major factor contributing to high costs of production, which for the UK industry were notably high in comparison to domestic sales during the POI.

315. The Russia-Ukraine war also caused major disruptions in agricultural production and exports. It particularly impacted Ukraine's agricultural sector, as Ukraine is a significant global exporter of grains and sunflower oil.

316. The conflict has led to cost increases for electricity, raw materials and transportation, along with elevated interest rates and persistent supply chain disruptions.[78] The prolonged nature of the war raises uncertainty into the future around how the conflict may continue to impact costs of production for the UK biodiesel industry.[79]

H5.4. Shifting domestic and international legislation

317. In an industry where demand is driven by legislation, changes in domestic and international legislation can shift supply/demand patterns in both domestic and

[77] Quarterly Energy Prices: September 2024 - GOV.UK
[78] World Energy Outlook 2023 – Analysis - IEA
[79] Russia's War on Ukraine – Topics - IEA

global markets, affecting production and competition between producers located in different countries.

318. In the case of Inward Processing Relief (IPR), qualifying biodiesel could be imported to the UK without being subject to standard import duty, equivalent to 6.5%. Without the requirement to pay standard import duty, it is cheaper to import biodiesel into the UK, and these cheaper biodiesel imports were in direct competition with biodiesel manufactured in the UK during the IP and POI. It was announced in April 2024 that this exemption would be halted, from 1 May 2024.[80]

H5.5. Historic injury data

319. The TRA has considered whether the UK industry suffered injury in the past as a result of subsidised imports of biodiesel from Argentina. We were not provided historic injury data prior to the IP, and as such we consider this to be a neutral factor in our assessment.

H5.6. Other factors that could cause injury

320. The TRA has considered whether any other factors have caused, or are likely to cause injury to UK industry, such that the subsidised imports of biodiesel from Argentina may not be the cause of injury if the measures no longer applied.

H5.7. Imports of biodiesel from third countries

321. Argent alleged in its questionnaire response that biodiesel originating in the PRC is being dumped into the UK, which is a concern for the UK biodiesel industry, and that the large-scale volume of imports have artificially lowered prices in the UK causing a degree of injury.

322. On the 5 June 2024, the UK initiated investigation AD0058 into alleged dumping of biodiesel from the PRC following an application made by the RTFA. The application alleges that biodiesel has been imported into the UK from the PRC and

[80] UK to instate biofuel import duties after halting exemptions | S&P Global Commodity Insights

that the export price is less than the normal value. The applicant claims that the alleged dumping has caused injury in the UK.

323. Subject to the outcome of that investigation, this is an indication that the UK industry may be exposed to at least one other source of vulnerability (alleged dumped imports from the PRC).

H5.8. COVID-19 restrictions

324. The injury period includes periods of Covid-19 -related restrictions. The Covid-19 pandemic in 2020 caused global disruptions and significant economic damage across the world. Restrictions on international travel and regional and local movement prevented people and goods from circulating freely.

325. Biodiesel production in the UK[81] decreased significantly in 2020 when compared to the previous year. This was a strong shift from the increasing trend observed in the past four years and could be attributed to Covid-19 restrictions.

326. Covid-19 restrictions also impacted the supply of UCO. Restaurant bookings reached a standstill following the government's closure of all UK food-service establishments in March 2020. These restrictions were in place for most of the year. However, UCO supply from food manufacturers was less sensitive to economic fluctuations than restaurants, as many foods produced were considered necessities.

327. The UK industry has not made any statements on the effects of the Covid-19 restrictions in their questionnaire responses. Argent noted during verification that the company did not shut down during the Covid-19 lockdowns because it was considered a protected industry for road transport. And whilst Covid-19 restrictions had a significant effect on the transport sector in 2020, the lifting of mobility restrictions saw the biofuel market recover.

[81] Bioenergy crops in England and the UK: 2008-2023 - GOV.UK (www.gov.uk)

328. In year 2 of the injury period the UK industry was able to make a profit despite many Covid-19 restrictions on mobility still being in place[82]. Nonetheless, a number of factors relating to the current state of the UK industry demonstrated a negative impact from the effects of Covid-19, which has primarily been evident in year 2 figures. Without figures from before year 1, it is difficult to establish to what extent Covid-19 impacted the UK industry in year 1.

H5.9. Inflation

329. Between September 2022 and March 2023, the UK experienced seven months of double-digit inflation, which peaked at 11.1 percent in October 2022[83]

330. High inflation in the UK and worldwide has been caused by a number of economic factors, such as:

- supply chain disruptions during the COVID-19 pandemic, followed by a sudden increase in demand as restrictions eased;
- Russia's invasion of Ukraine;
- work shortages following the pandemic, driving up wages.

331. The effects of COVID-19 and Russia's invasion of Ukraine on raw material and operational costs have been discussed in Section G.5 (Attractiveness of the UK market to exporters).

332. High levels of inflation impact the affordability of consumer goods. The higher the rate of inflation, the higher the costs of car ownership, particularly in relation to fuel consumption. However, as biodiesel demand stems primarily from government mandates, the UK industry is less impacted by inflationary pressures.

[82] Timeline of UK government coronavirus lockdowns and restrictions | Institute for Government
[83] UK inflation rate 2024 | Statista

H6. Conclusion

333. To determine whether injury would be likely to continue or recur if the countervailing measures no longer applied, we have conducted a holistic assessment of all the above relevant factors.

334. We found that the UK industry has been performing negatively overall during the IP and POI and this suggests that the UK biodiesel industry is in a vulnerable position. This would indicate that injury to the UK industry is likely to recur if the measures no longer applied to the goods subject to review.

335. When assessing factors affecting domestic price and domestic and international market conditions, our findings did not negate the likelihood of a recurrence of injury to the UK industry in the event the current countervailing measure were revoked.

336. Having assessed the evidence currently available to us, we have determined that, on the balance of probabilities (more likely than not), injury to the UK industry in the like goods would be likely to recur if the countervailing measure were no longer applied to the goods subject to review.

SECTION I: Economic interest test

I1. Introduction

337. The aim of the Economic Interest Test (EIT) is to determine whether our final recommendation to vary a measure and apply the anti-subsidy amounts on the goods subject to review imported from Argentina is in the economic interest of the UK.

338. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of an anti-subsidy remedy if the application of the remedy is in the economic interest of the UK. The test is presumed to be met unless we are satisfied that the application of measure is not in the economic interest of the UK.

339. 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 importation of subsided goods to a UK industry in the like goods 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 like goods, in the UK; and
- other matters as the TRA considers relevant.

I2. Evidence Base

340. Our primary evidence sources were questionnaire responses from interested parties. This is set out in Section B (Summary and Findings).

341. We supplemented the questionnaire responses with facts available and collated additional information from UK government data sources such as HMRC, DfT, ONS, Companies House and subscription-based, recognised market data providers such as Dun and Bradstreet.

342. The following sections assess each of the six EIT factors.

I3. Injury caused by subsidised imports and benefits to the UK industry in removing injury

343. The injury likelihood assessment concluded that, injury to the UK industry in the like goods would be likely to recur if the countervailing measures were no longer applied to the goods subject to review.

344. Sections F (The UK industry and UK market) and H (Likelihood of injury assessment) provide more details on the factors considered for this assessment.

I4. Economic significance of affected industries and consumers in the UK

345. We have identified the following groups across the UK biodiesel supply chain as potentially being affected by the variation of the measure:

- **Upstream businesses:** waste disposal or suppliers of input material in the form of UCO, tallow or other food waste such as fats, oils and greases (FOG);
- **UK producers:** of biodiesel - mainly FAME
- **Importers and retailers:** of biodiesel and biodiesel blends/associated goods, typically purchased with the intent to blend with ULSD to produce biodiesel blends.
- **Downstream businesses:** fleet operators who purchase biodiesel for direct use in compatible vehicles across all sectors. We lack the ability to sample fleet operators as we are unable to ascertain which businesses primarily

use biodiesel in operating their shipping and transport vehicles without engagement or more complete producer questionnaires.

- **Consumers:** final end-users of biodiesel products.

346. We have attributed all known businesses to one of these groups based on their principal activity to avoid double counting. Many blending companies function primarily as importers and retailers. As the UK is a net importer of biodiesel, there is a reliance on imported goods to meet domestic demand. This includes imports of biodiesel and biodiesel blends produced abroad. Due to this reliance on foreign production, the impact that UK-produced biodiesel has on related industries across the biodiesel supply chain is limited.

347. Due to insufficient engagement on the part of non-producing businesses, we were unable to assess the importance of biodiesel to these segments of the supply chain. We have identified businesses in each of these groups and looked at a sample, with exception of downstream businesses. For each available selected business, we looked at the most recent published financial statements available.

I5.1 Upstream businesses

348. From questionnaire responses, we identified 42 UK businesses that sell the raw materials required to produce biodiesel. As we did not receive a producer questionnaire from Greenergy, we are unaware of upstream businesses supplying them with raw materials for their domestic production. Upstream businesses for Olleco were largely vertically integrated. We sampled upstream businesses with a minimum of 4% of transactions by volume with domestic producer Argent. This captures 80% of the upstream market that is known to us without including businesses that are smaller and potentially less relevant for analysis. 11 businesses remained in our sample following this analysis. We removed four vertically producer-integrated companies from the upstream business sample to avoid double counting with our producer analysis. Of the remaining businesses in

the sample, we do not have evidence that suggests they are significantly vulnerable to negative economic shocks.

349. We could not quantify the exact significance of UK biodiesel to upstream businesses due to data limitations: of the businesses in our sample, only four businesses have recent financial statements available which vary in content, depending on the filing obligations of the business. As several upstream businesses are primarily involved with collection and disposal of waste products, we consider the resulting UCO, tallow, and FOG a byproduct which is not essential to operating the business. We do not have evidence to indicate UK biodiesel is a significant product for all actors within this group. We conclude UK biodiesel is **Somewhat Important** for upstream businesses.

I5.2 UK Producers

350. Through research and submitted evidence, we have identified three primary UK producers of biodiesel. We are aware of some very small UK producers, who we contacted prior to initiation. The smaller producers were not included in the sample. Notably we have received producer questionnaires from two producers: Argent and Olleco. Greenergy, the third producer, is the largest by market share, but it is not possible to test their production figures as they did not submit a producer questionnaire response. Biodiesel is a primary good produced by both Argent and Olleco and as such we assign a designation of **Very Important** to the producers. Further, we assess that the UK industry is likely significantly vulnerable to negative economic shocks. We reach this conclusion through submissions from businesses, an announcement of biodiesel facility closure in Motherwell, and evidence provided about UK competition with similar goods not produced in the UK, such as HVO.

I5.3 Importers and Retailers

351. We received insufficient engagement from importers and retailers. We identified 1,084 importers of biodiesel or similar goods over the POI. The large number of

importers found is because HMRC commodity codes, whilst covering the goods in scope of this review, are also wide ranging enough to include goods that are out of scope of this review. The goods imported under the relevant commodity codes included goods with descriptions not matching our understanding of biodiesel. We experienced difficulties when using them to measure economic impacts on individual market segments such as importers.

352. There is uncertainty that the full list of importers initially shown through research are active and importing biodiesel. We believe this explains the large count of importers when compared to other market segments. As a result, we qualitatively assessed only businesses we considered the most significant importers of biodiesel using desk research and Dun and Bradstreet figures. We were not able to confirm a given business's use of biodiesel, so we selected only for high profile blending companies that we could reasonably assume use biodiesel to a significant degree. While these importers are likely not representative of all businesses importing biodiesel, we lack the ability to select a more precise sample due to the limitations of the commodity codes for identifying biodiesel imports as outlined above.

353. The importers remaining in our sample are large blending companies. This means that they sell fuel for consumer use, distributed through petrol stations, and their turnover is likely represented by fuels other than biodiesel as biodiesel is a minority component in most common blends and a fraction of the value of ULSD. Although it is an obligation for blending companies to incorporate some amount of biodiesel in their final products, the core business model of an importer or blender is not principally based on biodiesel. We concluded UK biodiesel is **Not Important** for importers.

I5.4 Downstream Businesses

354. We received no engagement from downstream industries and incomplete information from producer questionnaires. We were able to obtain information on the downstream business of one supplier and anonymised figures from another,

these figures were insufficient to form a sample and provided us with very little information on the downstream industry. Where possible, gaps in data were bridged with desk research, this returned inconclusive results as we could not assess potential downstream businesses and their use of biodiesel. Without engagement or further information from producers about their downstream clients such as fuel forecourts or other users, we were unable to assess the significance of biodiesel to downstream businesses. As fuelling costs for fleet operators or biodiesel sales of fuel forecourts are unknown to us, we concluded UK biodiesel is **Somewhat Important** to downstream businesses.

I5.5 Consumers

355. Our desk research and analysis has shown biodiesel is not an end-consumer product. Biodiesel is typically sold to downstream businesses that use it in their operations such as an input cost like fuel for their transport fleet. Consumers typically do not purchase biodiesel. While a consumer may purchase blends containing biodiesel, we consider blends to be a different good to those in scope as biodiesel is a minority component and not a significant cost in the overall production of a blend. As a result, consumers were not included in our economic significance analysis.

I5.6 Summary

356. Table 21 summarises our economic significance analysis for segments of the biodiesel supply chain. We were unable to calculate specific figures due to data limitations, leading to smaller samples in upstream and importer businesses. Downstream businesses are not included as we do not have the data for sampling.

Table 21: Economic significance of affected industries			
	Upstream businesses	**UK producers**	**Importers and Blending Companies**
Total known businesses	42	3	Up to 1000
Total selected	7	2	15
Estimated importance of UK Biodiesel to this group	**Somewhat Important**	**Very Important**	**Not Important**
Total employment of selected businesses	594[1]	166	Over 3000[2]
Total GVA of selected businesses (£m)	33[1]	-25	Over 7,000[2]
Total turnover of selected businesses (£m)	287[1]	475	Over 100,000[2]
Average EBITDA margin for selected businesses (%)	7%	-4%	15%
Vulnerability to negative economic impacts	Inconclusive	High Vulnerability[3]	Low Vulnerability[4]
Sources: Questionnaire responses, Companies House and Dun & Bradstreet			

Methodology: The importance of biodiesel to each of the groups was estimated using readily available information and research using market data aggregators. For available businesses in the sample, GVA was estimated by summing operating profits, employment costs, depreciation and amortisation. Average EBITDA margin was estimated by dividing the sum of operating profit, depreciation and amortisation by turnover. The assessment of vulnerability to negative economic impacts was made, in part, by looking at financial data, with gross profits being the measure of financial wellbeing used. Supplementary information was used where data was absent to determine vulnerability and the estimated importance of UK Biodiesel to selected industries.

[1]Upstream businesses are largely undercounted due to incomplete questionnaire responses and lack of available information for businesses in sample. As we cannot determine the metrics for vertically integrated businesses or businesses not reported to us we cannot include the businesses upstream of Olleco and Greenergy.

[2]Sampled importers and Retailers are not a representative sample of the sector due to lack of data provided covering the market section, figures represent 15 high profile importers selected to capture a proportion of the importer market section in our analysis.

[3]See 15.2. We reach this conclusion through in part through communications from businesses, evidence of facility closures, and evidence provided about UK competition with similar goods not produced in the UK, such as HVO.

[4]See 15.3. As we cannot sample importers granularly we can only consider prominent actors in this market segment. Prominent actors may represent businesses that are significantly less vulnerable than the population, but that cannot be determined via our sample.

I6. Likely impact on affected industries and consumers

357. This section qualitatively assesses how prices and quantities throughout the supply chain are likely to be impacted if the measure is varied or revoked. We then assess the likely impact of any changes in prices and quantities on affected industries and consumers.

I6.1 Prices and quantities in the event the measure is varied as we intend to recommend

358. If the measure is varied as we intend to recommend, the rate of change for prices and quantities of biodiesel in the UK will be largely unaffected.

I6.2 Prices and quantities in the event the measure is revoked

359. As we currently do not see imports of Argentinian biodiesel in the UK, we are unsure about its current price. We expect the price to fall if the measure is revoked. While it is possible for the price of biodiesel to fall by the full amount of the measure in place, between 25% and 33.4%. We believe this price decrease is likely to be mitigated as we do not believe producers are able to set prices, and instead they are price-takers due to strong international competition driving prices down. If the measure is revoked, we foresee two likely scenarios. These scenarios help us to assess the likely impact revoking the measure could have on affected industries and consumers:

    - Scenario 1: UK producers lose market share, this gap in market share may be filled in part by Argentina and largely by established third country producers such as China and the EU, of which the third country producers have established trade patterns with the UK; or
    - Scenario 2: UK prices fall in response to lower Argentinian prices to keep UK producers' market share stable.

360. Both Scenario 1 and 2 would result in significant losses to the UK producers and an unknown degree of losses for upstream industries paired with unknown

gains for downstream industries. We expect that due to the minority share of UK consumption met by UK producers, these gains and losses would be small.

361. The Renewable Transport Fuel Obligation (RTFO) issues credits at a 2:1 ratio for waste-based (recycled) biodiesel relative to crop-based production methods. We know Argentine biodiesel is mainly crop-based. This feature of the UK biodiesel market could impact the switching rate at which downstream users and biodiesel sellers switch to Argentine biodiesel, as they stick to double awarded certificates for using waste-based (recycled) biodiesel to help meet their net zero obligations quicker. Nonetheless, we expect with increased biodiesel imports into the UK, overall domestic prices would generally fall. This, as explained, would negatively impact the UK domestic industry.

I6.3. Likely impact on affected industries

I6.3.1 UK Producers

362. Evidence suggests UK producers are highly vulnerable to subsidised imports and revoking the measure would impact their ability to invest in the sector in the long run. Revoking the measure is likely to have a disproportionate impact on domestic producers who would have trouble operating at current levels with an increase of imports or a reduction in price. This could, as a worst-case scenario, result in Argent and Olleco leaving the market due to their inability to compete at lower prices. We do not have the ability to assess whether Argentine imports would replace UK biodiesel for the two engaging producers.

363. We expect no changes if the measure is varied for price and quantity. Similarly, we expect no changes in current market shares. Should the measure be varied at the current level, as proposed, there is no evidence indicating a likely shift in current trends.

I6.3.2 Related Industries and Consumers

364. Other industries could face moderate to insignificant impacts. Upstream industries benefit by supplying raw materials to biodiesel producers and could see reductions in sales without a measure. Importers and retailers are unlikely to see any impacts. Downstream industries, should the measure be revoked,

may see small to insignificant decreases in costs from using biodiesel in their business.

365. We do not believe that price changes in biodiesel are passed down to consumers through blending companies as biodiesel is a minority component in most common blends and a fraction of the value of ULSD. Therefore, we do not expect consumer impacts.

I6.3.3 Summary

366. Potential impacts of varying the measure are likely to mainly impact producers. Producers largely stand to benefit by extending the measure. Upstream industries may similarly benefit, and downstream producers may be negatively affected through higher cost. The extent to which these effects would impact upstream or downstream industries is unknown.

I7. Likely impact on particular geographic areas, or particular groups, in the UK

367. This section considers how potential impacts of varying the measure may be geographically distributed, and whether any particular groups might be disproportionately impacted.

I7.1 Likely impact on particular geographic areas

368. We have assessed geographical significance of affected groups, using employment, at the level of Travel to Work Areas (TTWAs).[84]

369. The TRA considered the geographic areas where UK producers were located, as identified through questionnaire responses. We used two sources for the employment analysis:

- Questionnaire responses: these included data on total employment by site;
- ONS estimates of working age population by TTWA.

[84] Open Geography Portal (statistics.gov.uk)

370. We assessed the significance of producers by examining their employment as a proportion of the total working-age population in each local area of their sites. However, due to the absence of granular data, it was not always possible to attribute employees within a firm to known area in the UK.

I7.2 UK Producers

371. For the three UK producers identified in the review our analysis concluded that their employment in sites were not a significant proportion of working-age population in the TTWAs. They all recorded significantly less than 1% across the five UK TTWAs of Grimsby, Middlesbrough and Stockton, London, Motherwell and Airdrie and Liverpool.

I7.3 Likely impact on particular groups

372. The TRA considered the likely impact on particular groups including those with protected characteristics as defined by the Equality Act 2010.

373. No evidence was provided regarding potential impacts on any particular groups, either as workers or consumers. There is no evidence to suggest that there will be disproportionate impacts on particular groups from varying or revoking the measure.

I8. Likely consequences for the competitive environment, and for the structure of the market, in the UK

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

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

I8.2 The impact on the number or range of suppliers

375. We expect no change to the number or range of suppliers as a result of varying the measure. If the measure were revoked the number of suppliers could

increase, with Argentinian suppliers better able to enter the market and compete given the lower production costs of crop-based biodiesel especially in period of high soya crop yields. However, revoking the measure may drive domestic producers out of the UK market, who have stated that they may be forced to relocate production outside of the UK.

I8.3 The impact on the ability of suppliers to compete

376. We found no evidence to suggest that if the measure were varied as proposed it would impact the ability of suppliers to compete.

I8.4 The impact on the incentives to compete vigorously

377. We found no evidence to indicate any impacts on incentives to compete vigorously from varying the measure.

I8.5 Impact on the choices and information available to consumers

378. We found no evidence to suggest that the choices and information available to consumers would be affected if the measure were varied as proposed.

I9. Other matters as the TRA considers relevant

379. We found no evidence of other relevant factors we could assess.

I10. Form of measure

380. The current measure is an ad valorem tariff of 25% to 33.4% and covers all the goods under commodity codes imported from Argentina as set out in Section D.

381. We found no evidence suggesting that a different form of measure would be more appropriate. The form of measure in our final recommendation remains a specific duty with a duration of five years.

I11. Conclusions

382. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to varying the measure if the application of the anti-subsidy amount is in the economic interest of the UK. This test is presumed to be met unless the

TRA is satisfied that the application of the anti-subsidy amount is not in the economic interest of the UK.

383. The likelihood of injury section found that, on the balance of probabilities (more likely than not), injury would be likely to recur if the measure were no longer applied.

384. The economic significance section demonstrates UK producers are the only group for which biodiesel is very important. For other groups across the supply chain, we found that biodiesel is either not important or the evidence was limited for us to reach a conclusion.

385. In the impacts section we outline expected change scenarios should the measure be varied or revoked. From our findings in our significance analysis, we expect UK producers to be the largest beneficiaries by varying the measure as proposed across the supply chain.

386. In assessing the likely impacts on particular areas and groups we found no evidence of disproportionate impacts as the result of varying the measure.

387. In the competition section, we found varying the measure is unlikely to reduce competition in the sector through the number and range of suppliers. We found no evidence on impacts on suppliers' ability to compete, incentives to compete vigorously or on the choices and information available to consumers.

388. In the other factors section, we received no evidence to allow us to consider the environmental impacts across the biodiesel supply chain of revoking the measure. Questionnaire responses highlighted the environmental benefits of waste-based biodiesel relative to crop-based biodiesel.

389. We have identified the following key positive impacts of varying the measure:

- UK producers would benefit because the measure would prevent recurrence of injury to the UK industry;
- Sustainably produced biodiesel with positive impacts on the environment.

390. The contrasting key negative impacts are:

- Small losses for both downstream industries, importers and retailers as UK biodiesel will not fall in price due to increased supply from Argentina.

391. Based on the evidence submitted by interested parties and all the factors listed in the legislation, we conclude that varying the measure as proposed is unlikely to cause any disproportionate negative effects as compared to the benefits of removing injury. Therefore, we advise the Secretary of State that we consider that the variation of the measure in accordance with our final recommendation meets the Economic Interest Test, in accordance with regulation 100(1E) of the Regulations.

SECTION J: Findings and proposed recommendation

J1. Findings

392. The TRA has found that it is likely, on the balance of probabilities, that the importation of the subsidised goods subject to review from Argentina would recur if the measure were no longer applied to those goods.

393. The TRA has also found that it is likely, on the balance of probabilities, that injury to the UK industry in the like goods would recur if the measure were no longer applied to the goods subject to review.

394. The TRA considers that the variation of the measure in accordance with our final recommendation meets the Economic Interest Test (see regulation 100(1E) of the Regulations).

J2. Final recommendation to the Secretary of State

395. Our final recommendation to the Secretary of State is to vary the application of the countervailing amounts pursuant to regulations 100(1), (2)(a)(i) and 100A of the Regulations. As we did not receive any compelling reasons to consider whether recalculation was appropriate, and as it has not been possible to recalculate the countervailing amounts, we recommend maintaining the amounts under regulation 100A(4)(b) of the Regulations, for a period of five years from 13 February 2024, that is, the date when the measure would have otherwise expired had no transition review been initiated (see Taxation Notice 2020/26; see also regulation 97C of the Regulations).

396. We also recommend to the Secretary of State that the description of goods subject to the countervailing measure under review is varied, pursuant to regulation 99A(2)(a)(ii) of the Regulations. We recommend that those goods are described as follows:

“Fatty-acid mono-alkylesters or paraffinic gasoils obtained from synthesis or hydrotreatment of non-fossil origin in pure form or as included in a blend, excluding sustainable aviation fuel, in pure form or as included in a blend.”

397. We found no evidence suggesting that a form of measure, other than the variation we recommend to the Secretary of State, would be more appropriate.

398. We make this final recommendation on the grounds that we have assessed that it is likely that the importation of the subsidised goods subject to review would recur if the measure were no longer applied to those goods; that injury is likely to recur to the UK industry in the like goods if the measure were no longer applied to the goods subject to review; and that we consider that the variation of the measure in accordance with our final recommendation meets the EIT.

399. Annex B specifies the countervailing duties to be maintained and applied to the goods described or imported under the UK customs codes detailed therein. We recommend maintaining the form and levels of the transitioned UK measure.

Annex A: Interested parties and contributors

Party Name	Submission
Argent Energy UK Limited	Registration of interest Producer questionnaire
Olleco	Resgistration of interest Producer questionnaire
Greenergy Fuels Limited	Registration of interest Importer questionnaire
Renewable Transport Fuels Association (RTFA)	Registration of interest Contributor questionnaire
Aceitera General Deheza S.A. (AGD)	Registration of interest
COFCO International Argentina S.A.	Registration of interest
LDC Argentina S.A.	Registraion of interest
Molinos Agro S.A.	Registration of interest
Viterra Argentina S.A.	Registration of interest
Cargill SACI	Registration of interest
Bunge Argentina S.A.	Registration of interest
Cámara Argentina de Biocombustibles (CARBIO)	Registration of interest Contributor questionnaire
Government of Argentina (GOA) via Ministry of Foreign Affairs, International Trade & Worship of Argentina (MRECIC)	Registration of interest
Foodchain and Biomass Renewables Association (FABRA)	Registration of interest

Annex B: UK countervailing duties

Foreign country	Overseas exporter	Duty amount	Additional TAP code
Argentina	Aceitera General Deheza SA	33.4%	C493
Argentina	Bunge Argentina SA	33.4%	C494
Argentina	Cargill SACI	28.2%	C491
Argentina	COFCO International Argentina SA	28.2%	C490
Argentina	LDC Argentina SA	26.2%	C495
Argentina	Molinos Agro SA	25%	C496
Argentina	Oleaginosa Moreno Hermanos SACIFyA	25%	C497
Argentina	Vicentin SAIC	25%	C498
Argentina	All other overseas exporters (residual rate)	33.4%	C999