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- 03 Apr 2024 | 17:40 UTC

# UK to instate biofuel import duties after halting exemptions

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## Highlights

Standard 6.5% import duty set to be introduced

Biodiesel prices hit multi-month highs on news

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The UK biofuels industry was informed by the UK government that biofuels imported into the UK will now be subject to standard import taxes, according to sources.

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Prior to this decision, announced at a meeting on March 28, biofuel imported with the guarantee of being blended as a small proportion to diesel was exempt from the full import duty of 6.5%, often referred to as 'Inward processing'.

"There is some biodiesel (and ethanol) coming to the UK which benefits from a so-called "inward processing" duty exemption, and I understand that exemption is going to be removed," a consultant said.

Sources report that biodiesel imports will be subject to the standard import duty, equivalent to 6.5%, with the implementation of the measures to be enforced on May. 1. E30 IPR is distinctly the inward processing relief that sources are told will be discarded with the E99 IPR end use relief said to remain.

"This is why the market rallied yesterday. T1 was imported to the UK, which will not be the case anymore," a trader said. Another source noted that the change will have a big impact on the biodiesel market but a small effect on ethanol.

Both FAME 0 and RME premiums rose 12.4% on April 2, hitting respective eight-month highs.

Platts assessed FOB ARA FAME 0 premiums over ICE LSGO up \$56.50/mt at \$12/mt while RME premiums jumped \$60.25/mt to \$545/mt April 2.

However, another source claims the market is overacting. "I haven't heard anything from UK Government confirming [this yet]. To be honest I think the market is overreacting quite a lot. I believe it is a bit of a chain reaction. T1 Biodiesel will get more expensive in the UK (by 6.5%), so, the RTFCs will increase, resulting in T2 Biodiesel becoming more expensive," a second trader said.

The news comes in light of reports multiple biofuel companies plan to withdraw their operations from the UK market, shifting their focus to the European mainland.

"This [decision] is certainly due to a few biodiesel companies having clearly disinvested in the UK market. Argent closure in Grangemouth and Greenergy having increased its EU continental production versus its UK production," a broker said.

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