Trade Remedies Authority

Anti-dumping and Subsidy Investigations:

Application form

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

☐ Confidential
x Non-Confidential – will be made publicly available

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

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Trade Remedies Authority

Instructions

About us

The Trade Remedies Authority (TRA) is part of the UK's Department for International Trade. It carries out trade remedies investigations to find out if a new trade measure may be needed to counter dumped or subsidised imports or a sudden surge in imports.

The legislative framework that TRA operates under is found in the Taxation (Cross-border Trade) Act 2018) ('the Act') and the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 ('the Regulations').

About you

You can apply to us to open an investigation if you are a UK producer of goods or a representative of a UK producer and you have evidence of unfair trade practices relating to the dumping or subsidy of goods imported into the UK.

You must provide sufficient evidence of dumped or subsidised goods being imported in the UK and that the dumped or subsidised imports have caused or are causing injury to the UK industry (in compliance with the Act)

You can find out more about our remit and how we work by reading our guidance on trade remedies investigations.

About this form

Complete this form and the relevant annexes if you want to apply for a new anti-dumping or subsidy investigation. This form will give us the information we need to decide whether to initiate an investigation into your concerns. You can find more information on how we assess applications in our guidance.

You must submit your application online through the Trade Remedies Service (https://www.trade-remedies.service.gov.uk). When you submit your application, you must also submit a non-confidential version (including the annexes) which doesn't contain any data you think is sensitive (for instance, commercial data about your company), as we are required to publish a copy of the application form. You can find out more about what can be considered confidential and how to prepare a non-confidential version of your documents in our guidance.

If you are considering submitting an application and would like to discuss it with someone first, please email contact@traderemedies.gov.uk. You can find more on completing this application in our Pre-Application Office and application assessment guidance.

If you have any issues or queries about using the Trade Remedies Service, please email help@traderemedies.gov.uk.

What happens next

Once you have completed this application form you can share a confidential version with the Pre-Application Office to get feedback before you formally submit your application. When you formally submit your application, you will need to submit a confidential and a non-confidential version of this form. Please upload these through our Trade Remedies Service at www.trade-remedies.service.gov.uk.

Once you have done this:

- *you will receive an email confirming the documents have been uploaded successfully;*
- *the assessor(s) of your application will contact you if further information is required; and*
- *the assessor(s) of your application may contact you to arrange a visit to verify the information contained in your responses.*

How to complete this application form

Please read and follow all the instructions carefully. You will need to provide evidence to support your concerns. You may need to attach supporting documents in appendices to supplement the answers you give.

Please also note the following points:

- *Try to avoid leaving any questions blank. If the question isn't relevant to you, please try to explain why.*
- *If the answer to a question is "zero," "no," "none" or "not applicable," please write this rather than leaving the answer blank.*
- *If you feel you can't present the information as requested, please contact the Pre-Application Office by emailing contact@traderemedies.gov.uk.*
- *If there is not enough space in any part of the application form to provide a full answer, please attach appendices. Please ensure that any attachments are given a corresponding appendix reference in the title of the document and that these are referenced in the boxes provided.*
- *If you include any documents not in English, please provide an English translation.*
- *Provide all dates in the format DD/MM/YYYY (e.g. 23/05/2019).*

- *For all numerical figures, where appropriate please express every third number with a comma (e.g. '1,300' for one-thousand three hundred, '1,300,000' for one million and three-hundred thousand).*
- *Limit all sales/currency/income figures to two decimal places and use the appropriate currency symbol (e.g. £1,300.00).*
- *All figures should be reported net of tax unless otherwise stated.*
- *For definitions of the incoterms used throughout this document, please visit the International Chamber of Commerce.*

Section A: About The Goods

This section of the application form is about the imported goods you want us to investigate. These imported goods will be referred simply to as 'the goods'.

You can only ask us to investigate imported goods if you (or the industry you represent) produce 'like goods'. Like goods are defined as goods which are similar to the goods under investigation in all respects or have characteristics which closely resemble them. When we decide what are like goods, we will consider the following non-exhaustive list of criteria:

- *physical likeness, such as physical characteristics*
- *commercial likeness, including competition and distribution channels*
- *functional likeness, such as end-use or if the goods can be substituted for each other*
- *similarities in production, such as method and inputs*
- *other relevant characteristics*

A.1 *The Imported Goods*

1. *Describe the imported goods you are concerned about (if possible, please attach digital versions of images, brochures, catalogues, etc which show the goods in question).*

1. The product concerned targeted by this Application is fatty-acid mono-alkyl esters or paraffinic gasoils obtained from synthesis or hydrotreatment of non-fossil origin, in pure form or as included in a blend (hereinafter referred to as "biodiesel" or "the goods"), originating in the People's Republic of China ("China" or "PRC").

2. The goods concerned are defined in the following two categories:

3. Biodiesel is a renewable fuel produced from a wide range of raw materials, i.e., vegetable oils such as rape seed oil, palm oil, soybean oil, used cooking oils ("UCO"), animal fats, or biomass.

4. Depending on the resources available in each country or region, biodiesel is made from different primary raw materials. In China, biodiesel is primarily made from

UCO (biodiesel from UCO is called UCOME), waste or even palm oil or palm oil residues. In the UK, biodiesel is primarily made from UCO, but other feedstocks are also largely used, such as brown grease, soybean oil, Tallow Cat 1, food waste oil, and others. The term FAME can be used to refer to biodiesel made from transesterification (e.g. UCOME, RME, SME, FAME0, etc.).

5. The term "fatty acid" refers to the fact that vegetable oils contain a varying proportion of saturated, monounsaturated, and polyunsaturated fatty acids. The term "esters" refers to the transesterification of vegetable oils, namely, the mingling of vegetable and/or animal oils or fats with alcohol, which produces biodiesel and, as a by-product, glycerine. The term "methyl" refers to methanol, the most commonly used alcohol in the process, although ethanol can also be used in the process, resulting in "fatty acid ethyl esters" (FAEE). Although the transesterification process is a relatively simple chemical reaction, it is particularly difficult to conduct it properly.

6. The production process of FAME biodiesel involves the following stages.

- Esterification: free fatty acid (FAA) is mixed with methanol in the presence of sulphuric acid, resulting in fatty acid methyl ester (FAME) and water; or
- Transesterification: Triglyceride is mixed with methanol in the presence of potassium or sodium, methylate hydroxide, resulting in fatter acid methyl ester (FAME) and glycerine.
- Biodiesel polishing: Biodiesel mixed with citric acid and water is put into a centrifugation process, resulting in cleaner biodiesel and washwater.
- Final polishing (WFE): consisting of a two-stage flash distillation of volatiles (150° C, deep-vacuum distillation of biodiesel (above 200° C), yielding sale-quality biodiesel and pitch.
- MONG (Matter organic non-glycerine) recovery: consisting of pH adjustment, flash distillation of methanol, and final centrifugation into three phases (glycerine, MONG (J), and MONG solids).

7. Production pathways, other than transesterification described above, have also been developed in China, such as hydro-treated vegetable oils (HVO). This process involves the hydro-treatment of the feedstock with hydrogen and catalyst, in order remove the impurities and to create linear paraffins.

	Appendix reference: n/a

2. *Explain where the imported goods you are concerned about are being exported from.*

The imported goods are being imported from the People's Republic of China ("China" or "PRC").
Appendix reference: n/a

3. *Provide the tariff classification(s) for the imported goods.*

1. The goods are commonly classified under the following commodity codes: 1516 20 98 21, 1516 20 98 29, 1516 20 98 30, 1518 00 91 21, 1518 00 91 29, 1518 00 91 30, 1518 00 95 10, 1518 00 99 21, 1518 00 99 29, 1518 00 99 30, 2710 19 43 21, 2710 19 43 29, 2710 19 43 30, 2710 19 46 21, 2710 19 46 29, 2710 19 46 30, 2710 19 47 21, 2710 19 47 29, 2710 19 47 30, 2710 20 11 21, 2710 20 11 29, 2710 20 11 30, 2710 20 16 21, 2710 20 16 29, 2710 20 16 30, 2710 20 16 90, 3824 99 92 10, 3824 99 92 12, 3824 99 92 20, 3826 00 10 20, 3826 00 10 29, 3826 00 10 50, 3826 00 10 59, 3826 00 10 89, 3826 00 10 99, 3826 00 90 11, 3826 00 90 19 and 3826 00 90 30. The customs code exclusively dedicated to FAME biodiesel is 38260010. However, biodiesel can be imported under several codes as described above. There is not customs code dedicated to HVO biodiesel.
Appendix reference: n/a

4. *Give details regarding whether the imported goods are currently subject to any anti-dumping/countervailing/safeguard measures or ongoing investigations in other countries.*

1. Biodiesel originating in China is not subject to any anti-dumping measures. However, the European Union has recently initiated an anti-dumping investigation to determine whether Chinese exporters have practiced dumping on the Union market which have caused material injury to the Union biodiesel industry.[1]

[1] Notice of initiation of an anti-dumping proceeding concerning imports of biodiesel originating in the People's Republic of China, OJ C 1574, 20.12.2023, attached as Appendix A-1.

2. Additionally, unfair trade practices are present across the biodiesel industry in different countries. Major biodiesel players are subject to trade remedies measures.

3. For example, biodiesel originating in the United States is subject to anti-dumping measures in the European Union, Peru, and the UK and countervailing duties in Australia, the European Union, Peru, and the UK.

4. Also, Biodiesel originating in Argentina is subject to anti-dumping measures in Peru and the United States and countervailing duties in the European Union, Peru, the UK, and the United States.

5. Finally, biodiesel originating in Indonesia is subject to anti-dumping measures in Peru and the United States and countervailing duties in the European Union, the UK, and the United States.

Appendix reference:

Appendix A-1: Notice of initiation of an anti-dumping proceeding concerning imports of biodiesel originating in the People's Republic of China.

A.2 *The Like Goods*

1. *Describe the like goods produced by the UK industry (if possible, attach digital versions of images, brochures, catalogues, etc).*

1. Biodiesel produced in the UK is a like product to biodiesel produced in China, as they share similar basic characteristics and are used for the same purpose. Biodiesel manufactured in the UK is mainly from waste materials. In China, biodiesel is also mainly manufactured from waste materials (such as UCO, etc.).

2. [Sensitive information removed – Applicant's business operations].

3. Different feedstock may serve to produce biodiesel. While there may be differences in the physical and chemical properties of biodiesel (UCO, PFAD or, POMEME) due to the feedstocks used, these do not affect their similarities. All these types of biodiesels fall within the FAME category. Biodiesel exported from China and sold in the UK are interchangeable with biodiesel manufactured in the UK and directly compete.

4. In addition, HVO biodiesel manufactured in China is also like with biodiesel manufactured in the UK. It is not because several terms are used for biodiesel (i.e. FAME, HVO, SAF) that those products do not belong to the general category of biodiesel' whose goal is to replace fossil fuel to fight against climate change. Experts consider that those different types of biodiesel all belong to a same general category of bio-diesel. For example, the Foreign Agricultural Service of the US Department of Agriculture uses in its regular GAIN reports the term "biobased diesel (BBD)" to cover traditional biodiesel (fatty acid methyl ester (FAME)) and hydrogenation-derived renewable diesel (HDRD). FAME and HVO are both fossil free alternatives to conventional diesel, although they are produced by two different processes and follow two different fuel standards.

5. It is important to recall that both FAME and HVO can be manufactured from vegetable oils or other lipidic waste and residues. HVO means "hydrotreated vegetable oil" which means that it is a biofuel made by the hydrocracking or hydrogenation of vegetable oil. Hydrocracking breaks big molecules into smaller ones using hydrogen while hydrogenation adds hydrogen to molecules. These methods can be used to create substitutes for fossil fuel such as diesel. However, the feedstocks used are the same for both HVO and FAME. Thus, HVO can be produced from vegetable oils (such as palm oil, canola, soybeans etc.) or from lipidic waste and residues. Finally, FAME biodiesel and HVO biodiesel compete with one another on the UK market. They are mostly a substitute for one another depending on the physical properties required or their respective prices, as they are in fine both diesel substitutes. HVO is increasingly being adopted by freight operators and in the off-

highway sector to power construction equipment. Some companies use HVO and FAME-pure biodiesel interchangeably or switch pure biodiesel (B100) switching to HVO.[2]

6. FAME and HVO belong to the same market and compete with each other. They are substitutes as bus and truck operators can easily switch from one fuel to the other. "HVO does not impinge on the operational performance of heavy-duty vehicles nor require any alternations to fuel storage infrastructure. Furthermore, the major heavy-duty vehicle manufacturers approve the use of HVO, covering this fuel in their vehicle warranty."[3] Vehicles can also operate using various blends of biodiesel and HVO. HVO can be used interchangeably by the same consumers with other biodiesel and even mixed together with pure biodiesel without changing its intended use and purpose.

7. The UK biodiesel industry is exploring ways to manufacture biodiesel from the hydro-treated vegetable oils process. Zemo Partnership, an independent membership organisation jointly funded by its members and the UK Government, states that "[h]igher blends of biodiesel, mainly B20 and B30, and HVO (100%) are concurrently being deployed by fleet operators across the UK as a route to decarbonization. These fuels (higher blend biodiesel and HVO) comprise the main opportunity for further increasing the renewable proportion of transport fuel consumed in the UK, which is an important Government objective."[4]

8. All biodiesels have the same use, namely, to be used in the transport sector as standalone fuel or blended with mineral diesel, and share a set of common properties, including:

- A near zero sulphur content;
- A high cetane number (higher than conventional diesel);
- A low level of polycyclic aromatic hydrocarbons (PAHs) content.

[2] Zemo Partnership, Overview of higher blend biodiesel and HVO markets in the UK, p. 1, attached as Appendix A-2.
[3] Ibidem.
[4] Ibidem, p. 2.

9. Biodiesel produced in the UK and biodiesel imported from China and sold in the UK are used for the same purpose: as standalone fuel or blended with mineral diesel and mainly used in transportation.

10. End consumers do not perceive the differences between several types of biodiesels, including HVO. In fact, biodiesel is mixed with diesel at the pump without separate labelling. The final customer is not aware of the feedstock used in the production of biodiesel but merely requires a product that meets the UK standard. Commercial users, including bus fleets and trucks, use FAME and HVO interchangeably, switching one to the other or mixing them. Differences in price might inform which type of fuel to use but not the intrinsic characteristics of FAME or HVO.

11. In addition, biodiesel produced in the UK and biodiesel imported from China are sold to customers in the UK market via similar or identical sales channels.

Appendix reference:
Appendix A-2: Zemo Partnership, Overview of higher blend biodiesel and HVO markets in the UK.

A.3 Comparability between the Goods

1. *Explain how the like goods produced by the UK industry are like the imported goods. Please cover the following aspects of the goods.*

   The physical, technical, chemical and any other characteristics that describe the goods – explain any differences:

1. The UK's renewable transport fuel obligation was launched by the Department for Transport in 2008. Under the RTFO Order, fuel suppliers have an obligation to blend a proportion of biofuel into fuel supplied for use in road vehicles and non-road mobile machinery. The aim of this policy is to reduce the emissions from road transport to support the wider sustainability objectives for the UK.

2. There are two main markets that renewable fuel is sold into:

- B7 market – fuel with up to 7% biodiesel blended into diesel by volume, which meets the requirements of the European diesel standard EN590. B7 is the blend that is sold into the market to be sold to the public at forecourts.

- Higher blend markets – B20, B30, B100, HVO, etc. Blends of higher percentages of biodiesel (or indeed pure 100% biodiesel) which are typically sold to commercial fleets.

3. Biodiesel produced in the UK and biodiesel imported from China and sold in the UK supply both markets and are used for the same purpose: as standalone fuel or blended with mineral diesel and mainly used in transportation.

4. End consumers do not perceive the differences between different types of biodiesels. In fact, biodiesel is mixed with diesel at the pump without separate labelling. The final customer is not aware of the feedstock used in the production of biodiesel but merely requires a product that meets the UK standard.

5. In addition, biodiesel produced in the UK and biodiesel imported from China are sold to customers in the UK market via similar or identical sales channels.

6. Biodiesel is mainly used in the transport sector. It is generally blended with mineral diesel (i.e., petroleum/conventional diesel, represented by a number (referring to the percentage blend) following a B, i.e., B5, B20, B100) or used in its pure form (B100).

7. Biodiesel is intended for diesel engines. Modifications to conventional engines (seals, piping, heating equipment) are required for use with 100% pure biodiesel. When blended with mineral diesel, no modification of conventional diesel engines is required if the biodiesel content is limited. The use of biodiesel blended with diesel up to 7% of FAME as a transport fuel does not require any modification in the

distribution system, therefore avoiding expensive infrastructure changes. Many OEMs offer vehicles that are already adapted to operate on higher blends of FAME; therefore, no modifications are required.

8. In view of its main technical specifications, biodiesel is a very desirable fuel. Compared to mineral diesel, biodiesel presents specific features, namely:

- it performs better than diesel because of higher oxygen content and higher cetane number, which guarantees better fuel combustion, reduces consumption, and prolongs the lifetime of the engine; it also provides a good indication of the level of particulate emissions ;
- it increases lubricity and can contribute to longer fuel injector life (by avoiding wear in the engine);
- it is almost free of sulphur;
- it contains fewer aromatic hydrocarbons;
- it has a low vapour pressure;
- it is a better solvent than diesel (cleans the engine);
- it is classified as a non-toxic product (level 1 for water toxicity);
- it is biodegradable within 28 days;
- it has a high ignition point and is thus easier to store from a safety perspective;
- it contains fewer polycyclic aromatic hydrocarbons than conventional diesel; and
- it significantly reduces CO2 emissions.

9. As explained above, the imported biodiesel originating in China and the biodiesel produced in the UK are like products. The imported biodiesel originating in China and the biodiesel produced in the UK compete in the same market, can substitute each other, and are sold through similar distribution channels.

Appendix reference: n/a

2. *If the goods can be subdivided into separate models – provide details about each of the models, such as their product literature and technical documentation:*

1. Biodiesel is a renewable fuel produced from a wide range of raw materials, i.e., vegetable oils such as rape seed oil, palm oil, soybean oil, used cooking oils ("UCO"), animal fats, or biomass.

2. Depending on the resources available in each country and/or region, biodiesel is made from different primary raw materials. In China, biodiesel is primarily made from UCO, waste or even palm oil. In the UK, biodiesel is primarily made from UCO, but other feedstocks are also largely used, such as brown grease, soybean oil, Tallow Cat 1, food waste oil, and others.

3. The goods concerned should be subdivided into two separate models. The Applicant suggests that biodiesel should be subdivided into the following two categories:

Category 1 goods

Fatty-acid mono-alkyl esters (FAME), of non-fossil origin, commonly known as biodiesel. In a pure form or in a blend originating in the People's Republic of China.

Category 2 goods

Biodiesel made from paraffinic gasoil obtained from synthesis or hydrotreatment, of non-fossil origin, commonly known as 'biodiesel' originating in the People's Republic of China.

Appendix reference: n/a

3. *Give the tariff classification of the goods (customs commodity code) – if there are multiple models, provide the customs commodity code for each model:*

Category 1 goods : FAME biodiesel

The main customs code is 38260010. However all customs codes provided in Section A.1 above can be used to import biodiesel.

Category 2 goods : HVO biodiesel

There are no customs code dedicated to HVO biodiesel. To the best of the Applicant's knowledge, HVO biodiesel is mainly imported under customs code 27101943, although many other customs codes can be used.

For the list of tariff classifications of the goods, please refer to the answer provided in Section A.1 above.

Appendix reference: n/a

4. *Summarise the production process of the goods in the UK and in the exporting country/countries. Make sure you explain if there are different production processes within the UK and/or the exporting country/countries concerned:*

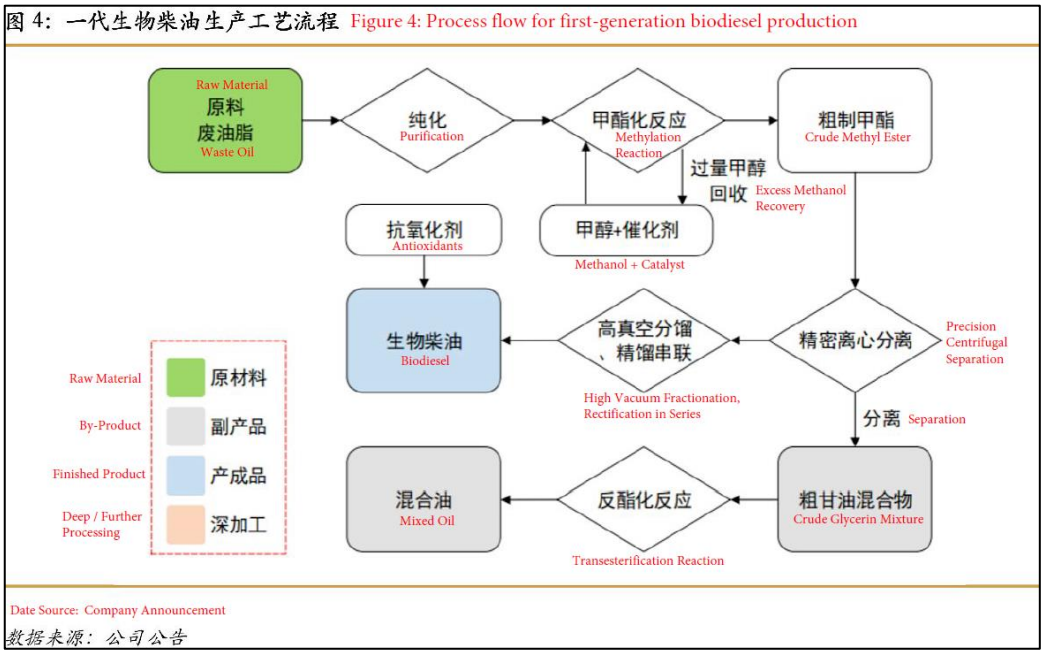
1. In China, biodiesel is primarily made from UCO or other waste feedstocks or even from palm oil. In the UK, biodiesel is primarily made from UCO, but other feedstocks are also largely used, such as brown grease, soybean oil, Tallow Cat 1, food waste oil, and others.

2. The term "fatty acid" refers to the fact that vegetable oils contain a varying proportion of saturated, monounsaturated, and polyunsaturated fatty acids. The term "esters" refers to the transesterification of vegetable oils, namely, the mingling of vegetable and/or animal oils or fats with alcohol, which produces biodiesel and, as a by-product, glycerine. The term "methyl" refers to methanol, the most commonly used alcohol in the process, although ethanol can also be used in the process, resulting in "fatty acid ethyl esters" (FAEE). Although the transesterification process is a relatively simple chemical reaction, it is particularly difficult to conduct it properly.

3. The production process of biodiesel involves the following stages.

- Esterification: free fatty acid (FAA) is mixed with methanol in the presence of sulphuric acid, resulting in fatter acid methyl ester (FAME) and water; or
- Transesterification: Triglyceride is mixed with methanol in the presence of potassium methylate, resulting in fatter acid methyl ester (FAME) and glycerine.
- Biodiesel polishing: Biodiesel mixed with citric acid and water is put to a centrifugation process, resulting in cleaner biodiesel and washwater.
- Final polishing (WFE): consisting of a two-stage flash distillation of volatiles (150^{o} C, deep-vacuum distillation of biodiesel (above 200o C), yielding sale-quality biodiesel and pitch.
- MONG recovery: consisting of pH adjustment, flash distillation of methanol, and final centrifugation into three phases (glycerin, MONG (J), and MONG solids).

4. The graph below summarizes the main stages of the production process to manufacture UCO biodiesel in China:



Source: Production process to manufacture UCO biodiesel in China – Appendix A-3 (elements in red are unofficial English translation)

5. Production pathways, other than transesterification described above, have also been developed in China, such as hydro-treated vegetable oils (HVO). This process involves the hydro-treatment of the feedstock with hydrogen and catalyst, in order remove the impurities and to create linear paraffins.

Appendix reference:

Appendix A-3: Production process to manufacture UCO biodiesel in China

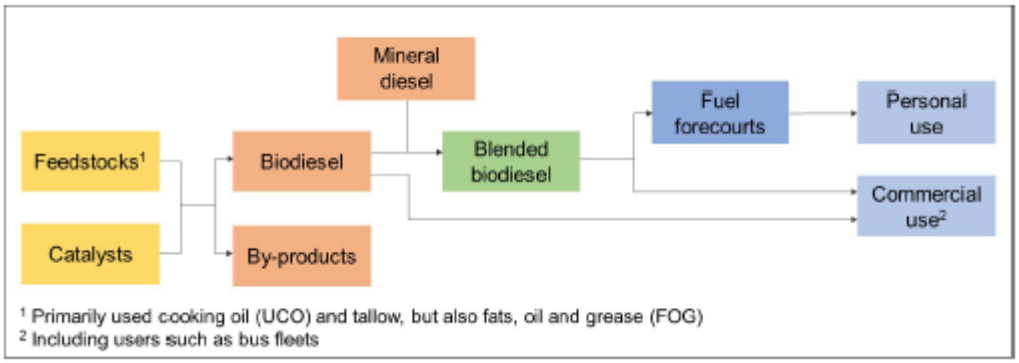
5. *Provide a general description of the UK market for the goods including the nature and conditions of competition within the overall market. In your answer please refer to:*

- *general users/consumers/customers;*
- *market segmentation;*

- *government regulation or tax;*
- *distribution and marketing (for example, how is the product sold and is quality or price the deciding factor);*
- *the nature of competition within the overall market;*
- *the degree of price sensitivity;*
- *the trends and drivers of demand, including causes of demand fluctuations and any factors contributing to overall market growth or decline;*
- *developments in technology affecting the characteristics, demand or the production process of the goods;*
- *other commercially significant goods which could be substituted for your goods and the goods being imported into the UK; and*
- *any other factors that influence the market.*

1. Biodiesel can be made from a variety of feedstocks and through a number of different processes. In the Recommendation to the Secretary of State, Case TD0004, the TRA summarized the supply chain for biodiesel sold in the UK, stating that "UK producers make FAME, primarily from UCO and tallow as well as fats, oils, and greases (FOG). This is blended with mineral diesel by fuel suppliers to meet RTFO requirements for sale at forecourts or sold unblended to some commercial users."[5]

2. The supply chain relating to FAME was depicted as follows:[6]



[5] *See* Appendix A-4, p. 92, recital 386.
[6] Ibidem, recital 387.

3. In the UK, there are three domestic producers: Argent and Olleco, the Applicants, and Greenergy, which is also a major importer of biodiesel. There are also a small number of very minor producers. Together, the Applicant estimates that the three major producers account for virtually all of the biodiesel production in the UK.

4. Feedstocks are sourced domestically and imported. Feedstocks represent over 75% of production costs in the biodiesel process. Other inputs include catalysts and methanol. Glycerine and potassium sulphate are produced as by-products; methanol is distilled and re-used. Glycerine is sold for technical purposes including as a performance enhancer for anaerobic digestion, while potassium sulphate is used for fertilisers.[7]

5. Most of the biodiesel produced in the UK will be blended before it is sold for final use. **[Sensitive information removed – Applicant's business operations].** The biodiesel may be supplied to forecourts for retail sale or sold directly to customers such as commercial or public transport fleets and industrial users.[8] Direct sales, however, represent a small proportion of the market.[9]

6. End consumers buying diesel at forecourts will be buying a blend of mineral diesel and biodiesel. "The demand for diesel is price inelastic because consumers cannot readily switch to other forms of fuel, such as petrol, and may have a limited ability to switch to other modes of transport."[10]

7. Both FAME and HVO biodiesel are sold on the UK market for the road sector. They are both renewable substitutes for diesel. They can both be used in diesel engines for cars, heavy goods vehicles (HGVs), and other off-road machinery.

[7] Ibidem, p. 93, recital 387.
[8] Ibidem, p. 98, recital 409.
[9] Ibidem, p. 99, recital 411.
[10] Ibidem, p. 102, recital 416.

- For commodity-based blending into B7 market, either HVO or biodiesel can be blended into the fuel mix at the B7 pump at public forecourts. HVO can be blended (depending on the density of the ULSD) up to 20 % and the blending wall for FAME is at 7% v/v.
- For buses/ HGVs etc. – engines can accept varying blends of Biodiesel or HVO.

8. The main difference between the two fuels in these applications is that HVO is considered a 'drop-in' fuel. This means, as shown above, that HVO can be blended at higher rates with no 'blend wall'. Whilst biodiesel can be used up to 100%, some modifications may be needed to vehicle heating systems to ensure the fuel does not solidify in the cold temperatures.

9. Obligated parties buy both to blend into the same markets. We can see high blend competition as well as in the obligated party market. It would depend on the requirement of some customers who would like to run more on HVO and have same characteristics in the final blended fuel.

10. Demand for both HVO and FAME in UK is driven by the Renewable Transport Fuel Obligation (RTFO). Under the RTFO, HVO and FAME biodiesel can be used by obligated parties to contribute towards the blending obligation. Given that both fuels contribute to the same target and are used in the same engine/vehicle applications, the use of one fuel would displace demand for the other. However, HVO earns more tickets due to the lower density compared to the FAME or the higher Low heating value for the HVO for other markets.

11. The interchangeability of HVO and FAME biodiesel was highlighted in a recent WTO Panel Report on European Union and certain Member states — Certain measures concerning palm oil and oil palm crop-based biofuels, WT/DS600/R, 5 March 2024[11].

[11] Panel Report on European Union and certain Member states — Certain measures concerning palm oil and oil palm crop-based biofuels, WT/DS600/R, 5 March 2024.

12. In that dispute, Malaysia claimed that certain EU renewable energy measures discriminate against palm oil and oil palm crop-based biofuels from Malaysia. In this context, Malaysia explicitly confirmed that "HVO and FAME are like products"[12]. Malaysia argued that "*all biodiesels (whether FAME or HVO) are essentially like because their limited differences do not significantly impact their substitutability and their competitive relations*"[13]. The EU, in turn, agreed with this position:

"*HVO is used as a substitute for biodiesel when blending biofuels with conventional diesel. For example, the USDA FAS [United States Department of Agriculture Foreign Agricultural Service] report for 2019 states that: "EU-produced FAME faced strong competition from domestically produced HVO".393 Biofuel producers explained in the context of a merger investigation that HVO and FAME are competing.394 The strong competition exercised by HVO vis-à-vis FAME is confirmed by its higher CFPP [Cold Filter Plugging Point] and the higher blending possibility*"[14].

Given that Malaysia's complaint centered on an alleged discrimination based on the feedstock used to produce FAME and/or HVO (palm oil as against rapeseed oil and soybean oil), not an alleged discrimination between FAME and HVO, the Panel did not have to explicitly rule on the issue. The Panel did confirm, however, that:

"PME, RME and SBME [i.e. FAME made from, respectively, palm oil, rapeseed oil and soybean oil], as well as HVO made from palm oil, rapeseed oil and soybean oil have similar or the same properties, end-uses, and are considered highly substitutable by the relevant consumers. Therefore, on the basis of those findings,

[12] *Ibid*., para. 7.457.
[13] European Union's first written submission, para. 625.
[14] Ibid., para. 616. Footnote 393 in this quote refers to "USDA FAS GAIN report, EU Biofuels Annual, 15 July 2019, Exhibit EU-128, page 29". Footnote 394 states: "See the Commission Decision C(2018) 4931 final of 20 July 2018 in Case M.8823 - NESTE / DEMETER ANIMAL FATS AND PROTEINS, paras. 30-34 available online at https://ec.europa.eu/competition/mergers/cases/decisions/m8823_317_3.pdf (accessed on 19 November 2021). Exhibit EU-129.

the Panel concludes that for the purposes of its analysis … palm oil-, rapeseed oil- and soybean oil-based biofuels are like products".[15]	Appendix reference: Appendix A-4: Transition Review Case TD0004 Appendix A-5: WTO Panel Report on European Union and certain Member states — Certain measures concerning palm oil and oil palm crop-based biofuels, WT/DS600/R, 5 March 2024

6. *We give goods in our investigations Product Control Numbers (PCNs) which are identifiers unique to our work and are created on the basis of the main characteristics differentiating the goods from other goods. We use PCNs to allow comparison between products made by domestic and foreign producers. The accuracy of TRA's PCN structure is directly proportionate to information supplied by the applicant. If the goods concerned covers a range of goods with different characteristics that would affect comparability:*

- *Please describe the key physical characteristics that have a consequential and material effect on prices, with the list of characteristics going from most to least consequential*
- *Please provide evidence to substantiate that these physical characteristics have a consequential and material effect on prices. This evidence could be in reference to specific unit costs, if those costs effect price comparability*
- *Use this information to delineate between models of not only the goods produced by the UK industry, but by the exporting producers, giving the information requested in the subsequent sections in refence to each model rather the goods category as a whole. The annex will indicate where information is being asked for on an individual model basis.*
- *If you already have a view on a PCN structure, please propose that here.*

[15] Panel Report on *European Union and certain Member states — Certain measures concerning palm oil and oil palm crop-based biofuels*, WT/DS600/R, 5 March 2024, para. 7.1024 (in respect of GATT Article I:1, underlining added). See also para. 7.988 (in respect of GATT Article IV) and para. 7.462 (in respect of TBT Article 2.1): "As Malaysia refers to FAME and HVO made from palm oil, rapeseed oil and soybean oil as, respectively, palm oil-based biofuel, rapeseed oil-based biofuel and soybean oil-based biofuel, so will the Panel in the remaining sections of this report".

1. The Applicant considers that the following PCN should be used in the present case to account for specificities in China:

Characteristic	Symbol	Description
Type	1 text	F - FAME (fatty-acid mono-alkyl esters) P - Paraffinic gasoils
Cold Filter Plugging Point (CFPP)	1 numeric	Cold Filter Plugging Point in degrees centigrade nearest degree 1 - Higher than +9 2 - Higher than or equal to 0 but lower than or eq 3 - Lower than 0 but higher than or equal to -9 4 - Lower than -9 but higher than or equal to -40 5 - Lower than -40
Feedstocks	1 numeric	1 - biodiesel from food and feed crops 2 - biodiesel from feedstocks subject to incentives (e.g. double counting) 3 - biodiesel from feedstock other than food and feed crops and not subject to incentives 0 - other/special purpose sold without any certificate
Form	1 text	Pure form (100)
		Included in a blend with mineral fuel

Appendix reference: N/A

Section B: About the Application

Individuals or groupings of companies, individuals and trade bodies can all be applicants. Generally, an industry that is concerned about a set of imported goods should make only one application to us for an investigation. When we assess your application, we will consider information about all the companies which make up the group that is applying. When you are answering questions about the goods you produce, please include information about the goods produced by all the companies and individuals who are submitting this application.

B.1 Applicant Information

Name of Applicant

Renewable Transport Fuel Association

Address

Ensus UK Ltd, Middleway, Wilton Site, Redcar, TS10 4RG.

Email

[Sensitive information removed – Personal data]

Telephone

[Sensitive information removed – Personal data]

Contact Name

[Sensitive information removed – Personal data]

Company Ownership (provide broad details of shareholding)

1. The Renewable Transport Fuel Association (RTFA) is a trade association for sustainable renewable and recycled carbon fuel producers and the major suppliers of these fuels (Renewable Fuels). Renewable Fuels companies comprise companies producing liquid Renewable Fuels, together with suppliers of gaseous fuels, such as biomethane, biopropane, or renewable hydrogen.

2. All individuals, firms, companies, and other entities engaged in the business of the production and supply of Renewable Fuels are eligible in principle to apply for membership of the RTFA. The affairs of the RTFA shall not be conducted for profit.

3. Members are eligible to stand for election to the Board. Each Member entitled to vote shall be entitled to exercise a number of votes equal to the number of vacancies for Directors.

Name of Lawyer/Representative

King & Spalding LLP
Bastion Tower, 5 Place du Champ de Mars
1050 Brussels - Belgium
Tel : +32 (0)2 898 02 00
[Sensitive information removed – Personal data]

Please refer to Appendix B-1 – Power of attorney.

B.2 Period of Investigation

For the subsequent sections, please use the same 12-month period for every question and indicate below which 12-month period you are using. This period should not end more than six months before the date this application is submitted. This period will be referred to as 'the period of investigation (POI)' for the rest of the application. The 36-month period preceding the POI, will be referred to as the injury period. Please indicate the 12-month POI in the box below.

The period of investigation is October 2022 to September 2023.

The injury period is January 2020 to September 2023.

Please give the volume and value of like goods you produced in the UK for the POI.

The UK biodiesel industry produced the following volume and value of like goods during the POI:

PRODUCTION (POI Q4 22 - Q3 23)		
	Volume (MT)	**Value (GBP)**
Olleco	**[SENSITIVE]**	**[SENSITIVE]**
Argent	**[SENSITIVE]**	**[SENSITIVE]**
UK industry	**[150,000-200,000]**	**[200,000,000-300,000,000]**

Source: Production volume and value, attached as Appendix B-2.

Section C: About Other Interested Parties

C.1 UK Producers

Your application must be supported by other UK producers who represent at least 25% of total UK production. This is based on production physically located in the UK. The level of support for the application must be greater than the level of opposition among UK producers.

If there are other UK producers, you will need to contact them and ask them whether they support or oppose this application. Please attach their written responses to your application OR their details should be provided below. Use a separate table for each producer.

We understand that other producers may be concerned about providing confidential information for this form. If necessary, you can ask an independent third party to confidentially combine information from the individual companies. Alternatively, the other producers can send the information separately to TRA for us to combine.

1. There are three significant biodiesel producers in the UK: Argent Energy, Olleco, and Greenergy.[16] We estimate that the three major producers account for virtually the totality of the biodiesel production in the UK. Even though there might be some other very small producers, which might produce for their own consumption, the TRA should begin its analysis by concluding that Argent Energy, Olleco, and Greenergy are the only relevant UK producers for the purpose of a trade defence investigation. The TRA reached a similar conclusion in the Transition review of anti-dumping measures applying to biodiesel originating in the United States of America and consigned from Canada, TD0004, when it determined considered only Greenergy, Argent, and Olleco for the purposes of the transition review.[17]

2. However, for the purpose of the present Application, the TRA should determine that Greenergy should be excluded from the definition of the "UK industry."

[16] *See* Appendix A-4, p. 13, recital 133 (listing Argent, Greenergy, and Olleco as the "three main producers of FAME in the UK").
[17] Ibidem, p. 38, recital 196.

3. RTFA filed this Application on behalf Argent and Olleco, which we believe to represent the UK biodiesel industry. Even though Greenergy also produces like goods in the United Kingdom, RTFA urges the TRA to exclude Greenergy from the definition of the "UK industry" under paragraph 6 of Schedule 4 to the Act pursuant to regulation 29(1) of the Regulations.

4. According to regulation 29(2)(a) of the Regulations, the TRA may determine that a producer is not a UK producer where that producer is an importer of the goods concerned. Greenergy is a major importer of biodiesel originating in China. In the Recommendation to the Secretary of State, Case TD0004, the TRA concluded that Greenergy was a large importer of biodiesel. The TRA even identified that Greenergy imports around twice as much biodiesel as it produces in the UK,[18] which demonstrates that their economic interests as an importer may override their interests as a UK producer.

5. During the transition review, Greenergy supported the extension of the anti-dumping and countervailing duties applied against imports originating in the United States, defending that "UK produced biodiesel secures domestic supply."[19] Greenergy did not import biodiesel from the United States and defended the continuation of the trade defence measures against unfair imports. Greenergy sustained its position as a UK biodiesel producer defending the argument that UK produced biodiesel is essential to secure domestic supply.

6. However, Greenergy's interests regarding an investigation into unfair Chinese imports are affected by the fact that it is a major importer of biodiesel from China. During the POI considered in the Transition Review, for example, Greenergy purchased between 650,000 to 800,000 metric tonnes of the like good while producing less than half of the purchased volumes (between 320,000 and 370,000

[18] *See* Appendix A-4, p. 115, recital 460.
[19] UK Industry – Verification Report, Cases TD0004 and TS0005: Biodiesel originating in the United States of America and consigned from Canada, dated 14 September 2021, p. 20, attached as Appendix C-1.

metric tonnes).[20] The Applicant believes Greenergy exports all UK-produced biodiesel, while it sells imported goods from China to its UK customers. Greenergy behaves as an importer of the goods concerned rather than a producer.

7. The purpose of regulation 29(1) of the Regulations is to exclude a producer from the definition of the UK industry when their conduct as an importer of the goods concerned would cause that producer to behave differently from a producer whose interests centre on its locally produced goods. The Regulations and Article 4.1(i) of the Anti-dumping Agreement recognize that producers that are themselves importers of the allegedly dumped products may have conflicting incentives regarding the imposition of an anti-dumping measure and may oppose the initiation of an investigation or the imposition of an anti-dumping measure because of their economic interests as importers of the goods concerned.

8. Regulation 29(1) of the Regulations permits the TRA to exclude from the definition of "UK industry" producers that might oppose the anti-dumping measures when their conduct (imports) or affiliation cause them to behave differently from other producers of the like product in the United Kingdom that are not affected by said conduct of affiliation.

9. Additionally, the decision to exclude Greenergy from the definition of the UK biodiesel industry is consistent with past trade defence decisions. In the Transition Review, Case TD0004, the TRA concluded that, because Greenergy was also an active importer of FAME into the UK market, "only the fuel **produced and sold by the parties in the UK** is considered as part of the UK industry for the purposes of this review."[21]

10. The Applicant has reasons to believe that Greenergy adopted the business strategy to send all its locally produced biodiesel to export markets while supplying the UK biodiesel market with imported Chinese biodiesel. Following the reasoning

[20] See Appendix C-1, pp. 17, 21.
[21] *See* Appendix A-4, p. 37, recital 188 (emphasis added).

expressed in the Transition Review, Cases TD0004/TS0005, considering that Greenergy does not sell its own production in the UK, Argent and Olleco constitute the only two producers that qualify to enter the definition of the UK biodiesel industry.[22]

11. Because Greeneegy is a major importer of biodiesel originating in China, the TRA should exclude them from the definition of "UK biodiesel industry" for the present Application. Thus, the TRA should recognize that Argent and Olleco represent 100% of the UK's biodiesel industry.

UK biodiesel industry

UK producer	
Legal name of company:	*Argent Energy*
Name (point of contact):	**[Sensitive information removed – Personal data]**
Role:	*Director of Corporate Affairs*
Address:	*Alford House* *Lloyd Drive* *Cheshire Oaks Business Park* *Ellesmere Port* *CH65 9HQ*
Telephone No:	*(+44) 151 318 2610*
Email:	**[Sensitive information removed – Personal data]**
Company website:	*https://www.argentenergy.com/*
Goods produced *This producer produces biodiesel in pure form or in a blend.*	
Position regarding application *(delete as applicable)*	*Support*

UK producer	
Legal name of company:	*Olleco*

[22] *See* Appendix A-4, p. 37, recital 188. *See also* Biodiesel US-Can AS TS0005 - Final Recommendation, p. 32, recital 187, attached as Appendix E-36.

Name (point of contact):	**[Sensitive information removed – Personal data]**
Role:	*Chief Operating Officer*
Address:	*Samian Way, Aston Clinton* *Aylesbury, HP22 5WJ*
Telephone No:	**[Sensitive information removed – Personal data]**
Email:	**[Sensitive information removed – Personal data]**
Company website:	*https://www.olleco.co.uk/*
Goods produced *This producer produces biodiesel in pure form or in a blend.*	
Position regarding application *(delete as applicable)*	*Support*

Other UK producers excluded from the UK industry

UK producer excluded from the UK industry	
Legal name of company:	*Greenergy International Ltd*
Name (point of contact):	**[Sensitive information removed – Personal data]**
Role:	*Chief Executive*
Address:	*198 High Holborn* *London* *WC1V 7BD*
Telephone No:	*+44 20 7404 7700*
Email:	**[Sensitive information removed – Personal data]**
Company website:	*https://www.greenergy.com/*
Goods produced *This producer produces biodiesel in pure form or in a blend.*	
Position regarding application *(delete as applicable)*	*Undeclared*

C.2 Other Parties

1. *Provide details of all known producers/exporters in the exporting country or producer/exporter associations in the exporting country, including:*

The information requested below is informed in Appendix C-2 – List of Chinese producers.

Name:	
Address:	
Email:	
Telephone Number:	

2. *Provide the details of all known importers of the goods in the UK or any associations of importers in the UK, including:*

The Applicant provides the known information below.

Name:	*Greenergy International Ltd*
Address:	*198 High Holborn* *London* *WC1V 7BD*
Email:	**[Sensitive information removed – Personal data]**
Telephone Number:	*+44 20 7404 7700*
Contact person (if available)	**[Sensitive information removed – Personal data]**, *Chief Executive*
Nature of their business (retailer/agent etc)	*Biodiesel producer, retailer, and importer*
Name:	*Valero*
Address:	*Pembroke, Wales SA71 5SJ* *United Kingdom*
Email:	**[Sensitive information removed – Personal data]**
Telephone Number:	*+44 (0) 1646 641 331*
Contact person (if available)	**[Sensitive information removed – Personal data]**, *Manager, Public Affairs*
Nature of their business (retailer/agent etc)	*Importer*
Name:	*Philips 66*
Address:	
Email:	

Telephone Number:	
Contact person (if available)	
Nature of their business (retailer/agent etc)	
Name:	*Prax*
Address:	*York House* *45 Seymour Street* *London , United Kingdom W1H 7JT*
Email:	
Telephone Number:	*+44 20 7580 0033*
Contact person (if available)	
Nature of their business (retailer/agent etc)	
Name:	*BP p.l.c.*
Address:	*International Headquarters* *1 St James's Square* *London* *SW1Y 4PD*
Email:	
Telephone Number:	*+44 (0)20 7496 4000*
Contact person (if available)	
Nature of their business (retailer/agent etc)	
Name:	*Ineos (Grangemouth)*
Address:	*PO Box 21* *Bo'ness Road* *Grangemouth* *Stirlingshire* *FK3 9XH*
Email:	**[Sensitive information removed – Personal data]**
Telephone Number:	*01324 483422*
Contact person (if available)	
Nature of their business (retailer/agent etc)	

3. *Provide the details of all known suppliers, users and consumers of the goods in the UK, or associations of suppliers, users or consumers including:*

The Applicant does not have access to this information.

Name:	
Address:	

Email:	
Telephone Number:	
Contact Person (if available)	

Section D: Representativeness

D.1 Summary of UK Producer support or opposition for this application

*We need to know about the total volume of UK production for UK markets by the producers who support your application. **Please complete Annex 1**, which will guide you through the calculation of whether representativeness requirement is met in terms of volume and value. If any figures are estimates, please explain how you worked out this information.*

1. The TRA should consider Olleco and Argent as comprising the totality of the UK biodiesel industry under regulation 29(1) of the Regulations.

2. However, the Applicant reported the production of all three UK producers in Annex 1 to show that Olleco and Argent meet the representativeness requirement both in terms of volume and value.

3. The Applicant does not have access to Greenergy's volume and value of production, which is the sole other UK producer. The Applicant estimated its volume of production as the maximum figure in the range of volume of production as evidenced by the TRA in Greenergy's Verification Report.[23] The Applicant estimated the value of production based on the unitary value of the UK industry, multiplied by Greenergy's estimated production.

4. Please refer to Annex 1 in Appendix D-1.

Appendix reference: Appendix D-1: Annexes 1 to 7 **[Sensitive – certain parts may contain commercially sensitive data]**

[23] See Appendix C-1, pp. 17, 21.

D.2 Market Share

1. *The applicant UK industry/industries should have at least a 1% share of the UK market for the goods, irrespective of where the goods were produced. Please demonstrate this by* ***completing Annex 2****. If you have other specific market share information, please also provide that.*

1. The Applicant UK biodiesel industry satisfies the market share requirement.

2. The Applicant has reasons to believe that Greenergy adopted the business strategy to destine all its locally produced biodiesel to export markets while supplying the UK biodiesel market with imported Chinese biodiesel. Therefore, Greenergy's market share of the UK biodiesel consumption is already reflected in the imports from China.

3. Please refer to Annex 2 in Appendix D-1.

Appendix reference: N/A

2. *Please note that the requirement can be waived in certain circumstances, for example if your application is about imports preventing a UK industry from being established for a 1% market share. If you think the requirement should be waived, explain why.*

Not applicable.

D.3 Related Persons

If you know that the Applicant or any other known UK producer of the goods is related (as defined under Regulation 128 of the Customs (Import Duty) (EU Exit) Regulations 2018 (a)) to an exporter or an importer of the goods, describe the company and the relationship.

Greenergy is itself an importer of the goods concerned.

Section E: About the allegedly dumped imports you want us to investigate

Complete this section if you are making an application for a dumping investigation.

Please give us all the information you can about the imported goods you believe are being dumped and the injury being caused to UK industry.

E.1 Sufficiency Test

Please note that we may reject your application if there is not sufficient evidence of dumping or injury. Evidence of dumping is insufficient if the margin of dumping is less than 2% of the export price (minimal).

1. *List all countries (or territories) where the imported goods are produced (country of origin) and the countries (or territories) from which they are exported to the UK, if this is different.*

The People's Republic of China ("China" or "PRC") is the only country of origin targeted in this Application.

2. ***Complete Annex 2**, giving the volume and value of the imported goods for the POI, to demonstrate percentage of total imports.*

Please refer to Annex 2 in Appendix D-1.

3. *Provide details and evidence of how the volume and value of dumped imports have been calculated.*

1. The volume and value of dumped imports were extracted from TradeMap, which reports the data based on the country of origin. The Applicant used TradeMap because it provides consistent data for imports of biodiesel into the UK per country of origin from 2019 to the present. 2. The UK provides two different sources of import statistics: HM Revenue and Customs and the "Latest bulk datasets - UK Trade Info" database. The former provides data per country of shipment, which would be inadequate for the purpose of

this Application as it classifies imported goods based on the last port of shipment. The latter provides data based on the country of origin but contains data from 2022 onwards, being inappropriate to show the evolution of imports during the period concerned.

3. Thus, TradeMap is the best source available to the Applicant to show the evolution of imports because it is the only database publicly available that provides reliable data for imports of biodiesel into the UK per country of origin throughout the period concerned.

4. To run a consistency check, the Applicant extracted the data using the "Latest bulk datasets - UK Trade Info" database. This database gathers information from 2022 onwards, also based on the country of origin, and confirms the figures kept by TradeMap.

5. The interactive *tables* kept by HM Revenue and Customs record the country as the "country of shipment," not the "country of origin." Thus, the HM Revenue and Customs database was not used for the purpose of this Application.

6. Finally, the Department of Transport keeps a record of Renewable fuel statistics[24], which maintains a record of renewable fuel, including biodiesel, for the purposes of the Renewable Transport Fuel Obligation (RTFO). The database provides a detailed breakdown of each renewable fuel consumed each year in the UK market by fuel type, feedstock, and country of origin.

7. However, this database should not be used for the purpose of the volume of the dumped imports because it records the country of origin as "[t]he country the feedstock *originated* in,"[25] not the country that produces the biodiesel. "For crop-based feedstocks [the country of origin] is where the crop was cultivated and for

[24] See Renewable fuel statistics - GOV.UK (www.gov.uk)
[25] See Renewable fuel statistics: Notes and definitions - GOV.UK (www.gov.uk)

wastes/agricultural residues [the country of origin] is where the material was formed, e.g., the restaurant for used cooking oil."[26]

Evolution of biodiesel imports from China

8. Biodiesel *imports* from China into the UK have surged during the past years.

9. Chinese imports increased significantly over the last four years. Chinese imports increased four times from 2020 to 2021, reaching 12% of the total imports in 2021. From 2021 to 2022, they increased eight times, reaching 59% of the total imports. In the first three quarters of 2023, Chinese imports are at the same level as in 2022. The *projected* volume of Chinese imports for 2023 will represent an increase of 33% relative to the preceding year. An end-to-end comparison shows that Chinese imports increased 41 times.:

Volume of biodiesel imports into the UK (in tonnes)	2020	2021	2022	Q1 - Q3 2023
China	17,615	89,408	766,856	724,034
Netherlands	745,793	496,374	339,277	124,220
Malaysia	1	24,197	72,463	64,227
Belgium	213,647	51,182	11,649	34,735
Taipei, Chinese	0	0	27,074	21,020
Great Britain	0	0	6	30,412
Germany	41,115	566	24,954	519
Spain	36,999	26,849	10,267	3,807
Uruguay	0	0	0	6,991
Italy	5,000	5	0	6,990
Russian Federation	0	0	6,000	0
Switzerland	0	0	5,042	0
Others	35,011	67,735	32,247	26,977
Total	**1,095,181**	**756,316**	**1,295,835**	**1,043,932**
Share of China within total imports	**2%**	**12%**	**59%**	**69%**

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

[26] Ibidem.

10. As shown in the table above, Chinese imports represented 2% of total imports in 2020. It gained participation in the share of imports each year, reaching 12% in 2021, 59% *in* 2022, and 69% in the first three quarters of 2023. The share of China within total imports increased by 67 percentage points between 2020 and the most current period.

11. The value of Chinese imports followed the significant increase in the volume of imports. The *value* of imports increased five times between 2020 and 2021 and ten times between 2021 and 2022. The projected imported value for 2023 shows relative stability, with a decrease of 2%. Given the increased volumes for the most recent period, the relative stability in import value can be explained by the reduction in *import* price in 2023.

Value of biodiesel imports into the UK (in GBP)	**2020**	**2021**	**2022**	**Q1 - Q3 2023**
China	22,617,000	113,263,000	1,155,702,000	848,143,000
Netherlands	548,206,000	654,577,000	567,341,000	146,982,000
Malaysia	1,000	25,159,000	138,258,000	71,590,000
Belgium	194,770,000	58,949,000	23,563,000	39,381,000
Taipei, Chinese	0	0	48,876,000	24,840,000
Great Britain	2,000	0	15,000	40,332,000
Germany	32,752,000	680,000	42,890,000	742,000
Spain	27,677,000	20,552,000	13,927,000	4,047,000
Uruguay	0	0	0	9,756,000
Italy	3,690,000	9,000	0	14,408,000
Russian Federation	0	0	9,070,000	0
Switzerland	7,000	1,000	8,956,000	0
Others	26,448,000	66,455,000	54,575,000	33,694,000
Total	**856,170,000**	**939,645,000**	**2,063,173,000**	**1,233,915,000**

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

12. The price of Chinese imports remained stable from 2020 to 2021, followed by an increase of 17% in 2022 compared to 2020. From 2022 to 2023, the price of

Chinese imports decreased 22,3% when compared to 2022. The price of Chinese imports reached its lowest level in 2023:

Price of biodiesel imports into the UK (in GBP/tonne)	2020	2021	2022	Q1 - Q3 2023
China	1,284	1,267	1,507	1,171
Netherlands	735	1,319	1,672	1,183
Malaysia	1,000	1,040	1,908	1,115
Belgium	912	1,152	2,023	1,134
Taipei, Chinese	-	-	1,805	1,182
Great Britain	-	-	2,500	1,326
Germany	797	1,201	1,719	1,430
Spain	748	765	1,356	-
Uruguay	-	-	-	1,395
Italy	738	1,800	-	2,061
Russian Federation	-	-	1,512	-
Switzerland	-	-	1,776	-
Others	755	981	1,692	1,249
Total	**782**	**1,242**	**1,592**	**1,182**

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

E.2 Normal value

Normal value refers to the domestic price that the imported goods are normally sold for on the domestic market in their country of export. This value should then be adjusted for costs arising after the ex-works (EXW) level (and any other factors that need to be considered) to make a fair comparison with the export price.

If your complaint concerns more than one exporting country, calculate the normal value for each country

There are several different methods for calculating normal value, with the appropriate method being determined by the circumstances of trade between the exporting country and the UK, and the nature of exporting country's economy.

Therefore, when you tell us the normal value of the goods, you will also need to explain which method you are using to calculate it and why.

The methods are:

- *'Comparable Price', this is the price of the goods in the ordinary course of trade in the home market of the exporting country;*
- *Constructed Normal Values in the country of export based on the cost of production, plus reasonable amounts that would have been incurred on a domestic sale in the country of export for administrative, selling and general expenses and for profit;*
- *'Sales made to a third country by the exporter', provided this amount is representative of the domestic selling price in sales in the country of export (provide evidence to support this); or*
- *If none of the above is possible, establish the normal domestic value from the best information available to you and provide this information to us, along with an explanation of the approach you have adopted. Alternatively, if prices in the exporter's domestic market are unavailable and it is not possible to construct a normal value, please contact TRA to discuss further options.*

Where possible, you should calculate normal value using the 'Comparable Price' Method. However, there are situations where this would be inappropriate, and so one of the alternative methods should be used. This includes situations where:

- *the goods are not sold in the ordinary course of trade in the domestic market of the exporting country;*
- *these sales on the domestic market of the exporting country sales don't allow a proper comparison with their sales on foreign markets because of:*
    - *a particular market situation;*
    - *low volume of sales in the domestic market of the exporting country;*
- *the overseas exporter does not sell these goods in their domestic market;*
- *the imports are from a particular foreign country – this is a specific term defined under Regulation 14 of the Dumping & Subsidy Regulations which means that it's difficult to use prices of goods in that country as a fair comparison.*

More information on each of these conditions and when they apply can be found in our guidance on dumping investigations.

E.3 Method

Please indicate below the method you have used for calculating normal value of the imported goods. If you have used an alternative basis to comparable price (e.g. constructed normal value), please explain why you believe it isn't appropriate to use comparable price and provide your evidence to support this.

1. In accordance with regulation 7(1) of the Regulations, the TRA must use the comparable price to determine the normal value unless it is not appropriate to use that price.

2. However, *regulation* 7(2) of the Regulations determined that it is not appropriate to use the comparable price to determine the normal value of the goods concerned where because, of a particular market situation ("PMS"), such sales do not permit a proper comparison between the like goods destined for consumption in the exporting country or territory and the goods concerned.

3. *Regulation* 8(1) of the Regulations provides for alternative methodologies to determine the normal value when it is not appropriate to use the comparable price in accordance with regulation 7(2). *Regulation* 8(1)(a) provides that the TRA may determine the normal value of the goods by determining the costs of production plus a reasonable amount for administrative, selling, and general costs and for profits.

4. As shown below, the prices of biodiesel in China reflect non-commercial factors within the meaning of *regulation* 7(4)(c) of the Regulations. This is because, in China, market conditions, and in particular costs and prices, are not driven by market forces of supply and demand but, rather, are distorted by the intervention of the State in the economy. Because of the existence of a particular market situation in the Chinese biodiesel industry, the Applicant will construct the normal value of the imported goods.

Existence of a particular market situation in the Chinese biodiesel industry

5. Regulation 7(4)(c) of the Regulations provides that a "particular market situation" includes situations where prices reflect non-commercial factors. In assessing the existence of a particular market situation, regard shall be had, inter alia, to the potential impact of one or more of the following elements:

- The market in question being served to a significant extent by enterprises that operate under the ownership, control, or policy supervision or guidance of the authorities of the exporting country;
- State presence in firms allowing the state to interfere with respect to prices or costs;
- Public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces;
- The lack, discriminatory application, or inadequate enforcement of bankruptcy, corporate, or property laws;
- Wage costs being distorted;
- Access to finance granted by institutions that implement public policy objectives or otherwise do not act independently of the state.

6. The TRA should consider that the assessment of the existence of a particular market situation may also consider the general context and situation in the exporting country.

a) ***General remark***

7. The European Commission has provided substantial evidence that there are significant distortions affecting the domestic prices and costs in China.[27] In its report on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations[28], the Commission highlighted several "*cross-cutting*" distortions which are systemic in China.

8. The Commission also found that the concept of a "socialist market economy," introduced in the Chinese constitution in 1992[29], is central. It further stressed that the General Program of the Chinese Communist Party (CCP) Constitution "*reaffirms the socialist market economy as China's economic system and the CCP's active role*"[30]. In application of this principle, the CCP guides both the public and private sectors[31].

[27] Commission staff working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, SWD (2017) 483 final/2, 20.12.2017, attached as Appendix E-1.
[28] Commission staff working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, SWD (2017) 483 final/2, 20.12.2017.
[29] *Ibidem*, p. 6
[30] *Ibidem*, p. 8.
[31] *Ibidem*, p. 9.

9. In late 2020, China made an international commitment to peak carbon dioxide emissions by 2030. However, biofuels were absent as a directive or tool to meet these targets. As mentioned by the US Department of Agriculture in its 2021 GAIN Report on China:

> "*[w]hile biofuels have the potential to be tool in reaching this goal, there have been no specific directives or mentions of biofuels related to this commitment. This is the latest illustration that China's biofuels policies are primarily driven by other policy goals beyond environmental concerns. The policy-driven directive made by the People's Republic of China's (PRC) top leader has also allowed the country's biofuels sector to be partially isolated from the global market and less responsive to market forces.*[32].

10. In its recent 2023 GAIN Report on China, the USDA reiterated its conclusions by indicating that the "policy-*driven directives made by the PRC also allowed the country's* biofuels *sector to be partially isolated from the global market and less responsive to market forces*[33]."

11. For the reasons described below, the Applicant considers that a particular market situation exists in the biodiesel industry in China.

b) ***The Chinese market is served by enterprises that operate under the ownership, control, or policy supervision or guidance of the Chinese authorities.***

12. The Commission's report on China found that "*the links between the State and economy go beyond mere ownership. The Chinese economy is more complex than a simple division of 'private' and 'state-owned'. Often privately owned companies have close* links *to the* government *[…]*"[34].

13. When assessing allegations of a PMS, the TRA will examine whether the PMS allegations are specific in the way they affect the market for the goods concerned or the market for the key cost inputs, analyse the supporting evidence to ensure it is

[32] USDA, Biofuels Annual, China, 13 September 2021, p.3, attached as *Appendix E-2*.
[33] USDA, Biofuels Annual, China,19 October 2023, p. 2, attached as *Appendix E-3.*
[34] *Ibidem*, p. 14.

specific to the biodiesel industry or cost area, and was within a reasonable time period of the POI, and examine whether the alleged distortions have either a negligible or material impact on the costs and final prices of the goods concerned.[35]

14. A PMS exists in the Chinese biodiesel industry because, among other things, the links between the State and biodiesel producers affect the market for the goods concerned or the market for the key cost inputs. Several biodiesel producers in China are linked with the Chinese government as follows:

- **Beijing Sanju Environmental Protection and New Materials Co Ltd** is a major biodiesel producer in China. Public sources report that this company is a state-owned enterprise:
  - Pitchbook reported that Beijing Sanju Environmental Protection's ownership status is "*publicly held*" [36];
  - I3 market reported that the Sanju company type is "public"[37].

  As a state-owned enterprise, the Government of China (GOC) has the ability to control and coordinate the company's commercial strategy.

- **Beijing Haixin Energy Technology Co., Ltd,** a Chinese biodiesel producer that is related to Sanju Environmental Protection, is owned by public stakeholders. Beijing Haixinzhi Low Carbon Technology Development and Beijing Haidian District Assets, the two main stakeholders of the company, own 35,22% of the company's shares[38]. In 2022, the company's production of biodiesel "*entered the stage of mass production, and the production, sales and safety stock amount increased significantly year-on-year*"[39].

15. In the present case, there are several indications that the GOC provides supervision and guidance to biodiesel producers:

- **The Strategic Action Plan for Energy Development (2014-2020)**: This action plan was released on 19 November 2014 and aimed to "*actively develop*

[35] See, *e.g.*, Final Determination, Case AD0012, Investigation into alleged dumping of aluminum extrusions from the People's Republic of China, p. 32, recital 144, attached as Appendix E-4, where the TRA applied these parameters to the aluminium extrusion industry.
[36] PitchBook profile, Beijing Sanju Environmental Protection & New Material Overview, accessed on 7 June 2023, attached as Appendix E-5.
[37] i3 market intelligence profile, Beijing Sanju Environmental Protection & New Material Overview, accessed on 7 June 2023, attached as Appendix E-6.
[38] Beijing Haixin Energy Technology Co., Ltd Annual Report (2022), p. 6, attached as Appendix E-7.
[39] *Ibidem,* p. 34.

transportation fuel substitution" and to "*focus on the development of new generation of non-grain fuel ethanol and biodiesel*[40]."

- **The 14th Five-Year-Plan (2021-2025) for Renewable Energy Development**: The 14th Five-Year-Plan was published in June 2022 and called for the promotion of the use of advanced technology and equipment in biodiesel and jet fuel[41]. The Chinese National Energy Administration has published on its website a statement dated 16 August 2021 in which it stressed that "*the State actively supports the development of the biodiesel industry*" and that the "*Renewable Energy Law clearly stipulates that petroleum sales enterprises should incorporate bio-liquid fuels that meet national standards into their fuel sales system*"[42]. The administration explained that the next steps include working "*to guide pilot cities to promote biodiesel, strengthen the construction and supervision of 'gutter oil' collection, storage and transportation systems, prevent 'gutter oil' from flowing back to the table and polluting the environment, stabilize the supply of raw materials for biodiesel enterprises, and promote the industry*"[43].

- On its website, Zhuoyue New Energy, the second largest Chinese biodiesel producer, boasts having "*successfully undertaken several important programs, including National Key New Product Plan, National Torch Plan, National Tenth Five-Year Science and Technology Research Plan, National Eleventh Five-Year Science and Technology Supporting Program, National Twelfth Five-Year Science and Technology Research Program*"[44].

16. In light of the above, and in light of the analysis developed below regarding State presence in firms and measures influencing free market forces, it can be concluded that the biodiesel industry in China is being served to a significant extent by enterprises that operate under the control or policy supervision or guidance of the authorities.

[40] Chinese government website, Notice of the General Office of the State Council on Issuing the Notice the Energy Development Strategic Action Plan (2014-2020), 19 November 2014, attached as Appendix E-8.
[41] USDA Foreign Agricultural Service, Global Agricultural Information Network (GAIN) Report – Biofuels Annual, China, 6 September 2022, p. 11, attached as Appendix E-9.
[42] Statement of the Chinese National Energy Administration, 16 August 2021, attached as Appendix E-10.
[43] *Ibidem*.
[44] Zhuoyue New Energy website, attached as Appendix E-11.

c) ***State presence in firms allowing the State to interfere with respect to prices and costs***

17. State presence in firms does not only concern state-owned enterprises but also private companies. In previous investigations, the TRA determined that government or party organisations do exist within some companies in China.[45] In the OFC case, the TRA concluded that the Government of China (GOC) "shareholding means that they are in a position where they can exercise influence and control, and this demonstrates the close association that the GOC has with the OFC sector, specifically regarding the sampled overseas exporters."[46]

18. The TRA further concluded that whether or not the GOC holds a stake in companies, it is still able to influence private companies. Citing a document by the Mercator Institute for China Studies on MIC25, the TRA determined that "the GOC has increased pressure on China's private sector to contribute to the MIC25 mission. As soon as a company becomes a leader in a sector of national strategic importance, it is expected to contribute to reaching national goals and to team up with the GOC by aligning investments and R&D closely with government policies."[47]

19. The State has ample presence in companies in the biodiesel industry, allowing the State to interfere with respect to prices and costs. Private companies producing biodiesel in China are subject to state presence. The following examples demonstrate the overlaps between managerial positions and CCP membership / Party functions in companies involved in biodiesel production:

- Li Lin, General Manager of Sanju Environmental Protection, is a member of the CPP[48];
- Zhou Congwen, General Manager and Director of Beijing Haixin Energy Technology Co. Ltd, is also affiliated with the CPP[49]. In addition, many members of its Board of Directors adhere to the Communist Party[50];
- Jian Shen, General Manager and Chairman of Zhejiang Jiaao Enprotech Stock Co. Ltd., is also a member of the Chinese People's Political Consultative Conference, a patriotic united front organization under the leadership of the CPC[51].

20. Considering the above, there is *prima facie* evidence that the biodiesel industry is subject to State presence, allowing the PRC to interfere with respect to prices or costs.

d) ***Public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces***

21. When assessing similar issues now before the TRA, the European Commission stated that "*[o]verall, the system of planning in the PRC results in resources being allocated* to *sectors designated as strategic or otherwise politically important by* the *government, rather than being allocated in line with market forces*"[52].

22. The TRA reached a similar conclusion when it assessed government support to producers of Optical Fibre Cables (OFC).[53] Chinese biodiesel producers also benefit from policies similar to those of OFC producers. The TRA concluded that the PRC supported local producers in direct forms, such as provision of land, grants,

[45] See Appendix E-4, p. 37, recital 164.
[46]Final Determination Case AD0021 Single-mode Optical Fibre Cables from China, p. 52, recital 217, attached as Appendix E-12.
[47] Ibidem, p. 52, recital 218. See also Mercator Institute for China Studies MIC25, attached as Appendix E-13.
[48] Sohu, 'Haigoutou's 'model around you' Sanju Environmental Protection Li Lin: Overcome the world's problems and lead the way in bioenergy', 9 December 2019, attached as Appendix E-14.
[49] Beijing Haixin Energy Technology Co., Ltd Annual Report 2022, p. 54. See Appendix E-7.
[50] *Ibidem.*
[51] Market Screener, business leaders, 'Jian Shen', *attached as Appendix E-15.*
[52] Commission Implementing Regulation (EU) 2021/983 of 17 June 2021 imposing a provisional anti-dumping duty on imports of aluminium converter foil originating in the People's Republic of China, OJ L 216, 18.6.2021, p. 142, recital 99. See also, Commission Implementing Regulation (EU) 2019/1198 of 12 July 2019 imposing a definitive anti-dumping duty on imports of ceramic tableware and kitchenware originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) No 2016/1036, OJ L 189, 15.7.2019, p. 8, recital 80; Commission Implementing Regulation (EU) 2019/687 of 2 May 2019 imposing a definitive anti-dumping duty on imports of certain organic coated steel products originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council, OJ L 116, 3.5.2019, p. 5, recital 68; Commission Implementing Regulation (EU) 2019/1693 of 9 October 2019 imposing a provisional anti-dumping duty on imports of steel road wheels originating in the People's Republic of China, OJ L 259, 10.10.2019, p. 15, recital 86; Commission Implementing Regulation (EU) 2021/2011 of 17 November 2021 imposing a definitive anti-dumping duty on imports of optical fibre cables originating in the People's Republic of China, OJ L 410, 18.11.2021, p. 51, recital 106.
[53] Final Determination Case AD0021 Single-mode Optical Fibre Cables from China, p. 46, recital 182, attached as Appendix E-12.

loans, and reduced enterprise income taxation rates, encouraged through the Enterprise Income Tax Law of the PRC.[54]

23. The TRA also found that government support comes indirectly through other subsidies, such as low-interest loans from commercial banks influenced by the government and reduced taxation rates.[55]

24. Moreover, there are policies influencing free market forces and leading to cost distortions. In its report on significant distortions in China, the Commission established that the energy sector in China is heavily distorted. The Commission found that "*[a]round 50% of the generation capacity is state-owned as well as the entire* transmission *grid*"[56]. It further highlighted that prices are controlled by the Chinese State and that prices differ depending on the industries so as to favour specific industries[57]. The Commission also stressed the fact that China has provided "*considerable subsidies for the production of coal*"[58]. The TRA reached a similar conclusion when assessing a PMS allegation for energy costs. The TRA determined that "energy is subject to price-setting or guided by Local Governments."[59]

25. There are other public policies in China that favour domestic biodiesel suppliers.

26. First, China favours domestic biodiesel production for its mandates. While China has had great ambitions on paper since 2002 to implement biodiesel mandates, in reality, "*there has never been a nationwide blend mandate for biodiesel*[60]."

[54] Ibidem.
[55] Ibidem, p. 46, recital 183.
[56] *Ibidem*, p. 233.
[57] *Ibidem*, p. 234.
[58] *Ibidem*, p. 234.
[59] Ibidem, recital 177.
[60] GAIN Report, Biofuel Annual China, 2023, p.2, attached as Appendix E-3.

27. Shanghai is the only local authority with a biodiesel mandate[61]. Shanghai has implemented a biodiesel mandate and has put in place measures to support the promotion and application of biodiesel made from waste kitchen oil. In that respect, Shanghai promotes the full-process resource utilisation of waste kitchen oils and fats in China for the manufacture of biodiesel to be placed on the territory of Shanghai:

> "***Article 1 (General principle) -*** *From the collection, transportation, disposal and promotion and application of waste kitchen oil and grease in gas stations, this city follows the principle of "closed-loop management, market-oriented operation, and supported application" to form a closed-loop management of the entire industry chain of resource utilization of waste kitchen oil and grease in this city. , price linkage, underpinning guarantee, and smooth product application system to promote resource utilization and ensure food safety. […]*
>
> ***Article 3 (Full Process System)*** *- Enterprises that generate waste kitchen grease in this city should set up special waste kitchen grease collection containers (catering service enterprises should install oil-water separators as required), and deliver the collected waste kitchen grease to the enterprises for transportation. The collection and transportation enterprise shall collect and transport the waste kitchen oil and grease produced by the enterprises within its jurisdiction in accordance with the service scope determined by the bidding, process it into raw oil with an oil content of not less than 95%, and then hand it over to the disposal enterprise. The disposal enterprise shall, in accordance with the requirements of the disposal service agreement, produce biodiesel for diesel fuel blending (BD100 biodiesel) that meets product standards from the raw oil delivered by the collection and transportation enterprise (hereinafter referred to as "BD100 biodiesel").*
>
> *Appendix E-16: Shanghai Municipal Development and Reform Commission, "Notice on the issuance of the "Shanghai Administrative Measures for Supporting the Promotion and Application of Biodiesel Made from Waste Kitchen Grease," 8 February 2021*

28. In a Policy interpretation document of the Shanghai Administrative Measures for Supporting the Promotion and Application of Biodiesel made from Waste Kitchen Grease, the Shanghai Municipal Development and Reform Commission justified that these promotion measures were needed because "*the promotion and application work has also encountered some difficulties: First, the price of raw oil collection remains high, and the production cost of biodiesel is high. Second, the promotion and application of B5 biodiesel has encountered a bottleneck period and mainly relies on oil price concessions. Third, the recognition of biodiesel is not high*."

[61] Ibidem, p.14.

Appendix E-17: Shanghai Municipal Development and Reform Commission[Interpretation] Policy Interpretation of the "Shanghai Administrative Measures for Supporting the Promotion and Application of Biodiesel Made from Waste Kitchen Grease," 8 February 2021

29. The same document also indicated that there is a subsidy system in place to support biodiesel. Thus, while "*the price of raw oil remains market-based (the Municipal Greening and City Appearance Bureau coordinates the purchase price based on market prices), BD100 biodiesel is purchased at the wholesale price of 0# diesel, and B5 biodiesel is promoted at a discount and 80% is subsidized by municipal fiscal funds. The preferential part (if the preferential amount* cannot *be provided, a quantitative* subsidy *of 0.15 yuan/liter will be provided) and the emergency subsidy mechanism (when the wholesale price of diesel oil is lower than 6,000 yuan/ton, municipal financial funds will provide emergency subsidies for those lower than 6,000 yuan/ton). Part of it is given to the disposal enterprise)*[62]*."* There is also a subsidy ceiling: considering that the subsidy ceiling of 600,000 tons of B5 biodiesel has not yet been reached, it is recommended to maintain the "Interim Measures," and if it exceeds 600,000 tons, it will be jointly reviewed by relevant departments and reported to the city government for approval before adjustment[63]. It is estimated that the maximum annual subsidy funds involved are still 170 million yuan[64]. This interpretation document confirms that the subsidy programme is implemented for a 2-year period (i.e., including the year 2023).

30. In view of the above, the Applicant concludes that only Chinese biodiesel producers who can obtain raw materials in China under the closed-loop management are entitled to benefit from the Shanghai mandate, unlike the UK market which is fully open to foreign competition. In this respect, the Applicant concludes that the UCO and biodiesel markets are subject to government influence and control.

[62] Shanghai Municipal Development and Reform Commission, "Notice on the issuance of the "Policy Interpretation of the Shanghai Administrative Measures for Supporting the Promotion and Application of Biodiesel Made from Waste Kitchen Grease," 8 February 2021, *attached as Appendix E-16.*
[63] *Ibidem*
[64] *Ibidem*

31. The Applicant also understands that significant government influence also takes place in the aviation fuels sector. Thus, as reported by the Institute of Energy of Peking University in a report dated October 2022, the "*management system for certifying the airworthiness of aviation fuels is different from that of Western countries. As China does not have ASTM-like industry associations, when Sinopec No. 1 Aviation Biofuel was certified, it was characterized as one of the most-often used aircraft parts, and the certification was conducted by reference to the certification of parts and in accordance with the CTSOA (Chinese Technical Standard* Order *Authorization) certification. The milestone event of Sinopec No. 1 Aviation Biofuel has basically resulted in the creation of a SAF airworthiness certification system. In February 2014, Sinopec Zhenhai Refining & Chemical Company (Zhenhai Refining) received the first CTSOA certificate, an airworthiness certificate, from CAAC, signaling the commercial use of a domestically produced aviation biofuel*."

Appendix E-18: Chinese Institute of Energy, Peking University, "The present and future of sustainable aviation fuels in China," October 2022

32. Second, regarding energy, coal remains the main source of energy in China[65]. This appears to be a long-term strategy, given that China's new coal project announcements accelerated dramatically in 2022[66]. Consequently, it is likely that the energy used to manufacture biodiesel in China is also derived from coal. The prices of coal, and more generally of electricity, are controlled by the State, as recognized by the government itself[67]. The prices of electricity are set by the Department of Price in NDRC[68] and can differ by province depending on the local situation and policy objectives pursued[69].

[65] Commission staff working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, SWD (2017) 483 final/2, 20.12.2017, para 10.1.1, attached as Appendix E-1.
[66] Center for Research on Energy and Clean Air, "*China permits two new coal power plants per week in 2022,"* attached as Appendix E-19.
[67] Commission staff working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, SWD (2017) 483 final/2, 20.12.2017, para 10.1.1, attached as Appendix E-1.
[68] *Ibidem*, para. 10.2.1.1.
[69] Council Implementing Regulation (EU) No 215/2013 of 11 March 2013 imposing a countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China, OJ L 73, 15.3.2013, para. 142.

33. The TRA reached a similar conclusion when assessing a PMS allegation for energy costs. The TRA has concluded that there is evidence that energy prices in the PRC reflect non-commercial factors, and as such, there is a PMS within the OFC industry.[70]

34. The TRA documented the policy documents indicating that energy prices in the PRC reflected non-commercial factors. For example, in Opinions on further deepening the reform of the electric power system (ZhongFa [2015] No. 9), the GOC described its domestic energy market in the following terms, "[T]he price relationship has not been straightened out, and the market-based pricing mechanism has not been fully formed. The current electricity price management is still dominated by government pricing, and electricity price adjustment often lags behind cost changes, making it difficult to timely and reasonably reflect electricity costs, market supply and demand, resource scarcity, and environmental protection expenditures."[71]

35. The TRA concluded that "[t]here is decisive publicly available information that confirms that energy prices in the PRC reflected non-commercial factors during the POI."[72] The TRA also documented prior policies, such as those analysed in the World Trade Organization's (WTO's) Trade Policy Review of the PRC in September 2021. The TRA concluded that the "WTO report sets out the products or services that were subject to price controls by the central Government in 2021,"[73] including electricity transmission and distribution.

36. Finally, to support the economic development of the Chinese biodiesel industry and boost biodiesel exports, China has introduced a VAT refund policy, which allows biodiesel producers to enjoy a **70% VAT rebate** if biodiesel is made from used animal

[70] Appendix E-12, p. 63, recital 270.
[71] Opinions of the CPC Central Committee ZhongFa [2015] No. 9, attached as Appendix E-23.
[72] Appendix E-12, p. 62, recital 267.
[73] Ibidem, pp. 62-63, recital 265. See also Trade Policy Review Report on China – 2021, attached as Appendix E-24.

and vegetable oils[74]. In addition, according to a press release dated 13 September 2022 from China Dialogue, there is a 70% reduction in consumer taxes for biodiesel that meets the standards[75].

37. Chinese biodiesel producers benefit from a 90% discount on taxable income from relevant products. For example, in an announcement dated 3 June 2023, Zhejiang Jiaao Environmental Protection Technology Co., Ltd. reported that Zhejiang Dongjiang Energy Technology Co has received for the period from March to March 2023 a total of 12.1296 million yuan (1,337 million £)[76]. The company reported that "*the above-mentioned amount exceeds 10% of the audited net profit of the company in the latest fiscal year*[77]."

38. In view of the above, there is prima facie evidence that the Chinese biodiesel market is strongly affected by measures influencing free market forces.

e) The lack, discriminatory application, or inadequate enforcement of bankruptcy, corporate, or property laws

39. China has inadequate enforcement of bankruptcy, corporate, or property laws, which generally apply to all sectors.

40. In its investigation on steel road wheels, for instance, the European Commission highlighted the fact that "*the Chinese* bankruptcy *system delivers inadequately on its own main objectives such as to fairly settle claims and debts and to safeguard the lawful rights and interest of creditors and debtors*"[78]. It also noted the lack of effective property rights in the PRC.

[74] USDA, Gain Report, Biofuels Annual, China, September 2023, attached as Appendix E-3.
[75] China Dialogue, "The place of biodiesel as China eyes carbon neutrality," 13 September 2022, attached as Appendix E-20.
[76] Announcement of Zhejiang Dongjiang Energy Technology Co on VAT tax refund, 3 June 2023, attached as Appendix E-21.
[77] *Ibidem*.
[78] Commission Implementing Regulation (EU) 2019/1693 of 9 October 2019 imposing a provisional anti-dumping duty on imports of steel road wheels originating in the People's Republic of China, OJ L 259, 10.10.2019, p. 15, recital 93.

41. The Chinese State intervenes in the bankruptcy reorganization of listed companies, which prevents the implementation of any bankruptcy law[79]. For instance, the People's Court is subordinated to the government. The latter must give prior approval for the court to decide on whether to accept or reject the applications of listed companies in practice[80]. Accordingly, the existence of effective bankruptcy institutions in China is an illusion, as the State's intervention prevents them from acting.

42. Regarding property rights and land, the Commission found in its report on significant distortions in China that there is "*no private land ownership in China*"[81] and that, consequently, "*the allocation of land is solely dependent on the state, which may pursue specific political goals rather than free market principles*"[82]. The Commission highlighted that there is "evidence *of direct intervention by the State in the allocation of land*"[83]. Furthermore, the "*rules on land provision and acquisition in the PRC are often unclear and non-transparent, and the prices are often set by the authorities on the basis of non-market considerations*"[84].

43. In a prior case, the TRA determined that significant control is exercised by the Government of the PRC over land use.[85] After analysing relevant legislation, including the Land Administration Law of the PRC, the Property Law of the PRC, and the Constitution of the PRC, and European Commission's historical anti-dumping

[79] Zhao Huimiao, *Lame-duck bankruptcy institutions under government intervention in reorganisation of listed companies in China*, Part 1 (2016), p. 1, attached as Appendix E-22.

[80] *Ibidem*, p. 3; 27.
[81] Commission staff working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, SWD (2017) 483 final/2, 20.12.2017, p. 203.
[82] *Ibidem,* p. 216.
[83] *Ibidem*, p. 216.
[84] *Ibidem*, p. 216.
[85] Final Determination, Case AD0012, Investigation into alleged dumping of aluminium extrusions from the People's Republic of China, p. 37, recital 162, attached as Appendix E-3.

investigations, the TRA concluded that there is evidence that the land market in the PRC reflects non-commercial factors.[86]

44. Even though the TRA decided not to progress any further with adjustments due to the low materiality towards the production costs of OFC in the PRC, the TRA should reinvestigate the impact of land control on the biodiesel industry. Chinese producers may use different feedstock, including crops, to produce biodiesel. The impact of land use and land control is significantly higher in industries like the biodiesel industry, where the use of land is essential to the production process.

45. Having established the lack of bankruptcy, corporate or property law in China, the Commission then concluded that the sector under investigation was subject to these ordinary Chinese rules and that the investigation had "*revealed nothing that would call* those *findings into question*"[87].

46. There is no evidence readily available showing that the biodiesel sector is shielded from the lack of bankruptcy, corporate, or property law in China.

f) ***Wage costs being distorted***

47. In previous anti-dumping investigations, the TRA found that the labour market in China reflects non-commercial factors.[88] The TRA determined that "the impact of the hukou system is external to the hiring practices of any given company. Having a two-tier system of citizenship where certain workers can only reside in the wealthier urban areas on a temporary basis conditional on them working creates a pool of cheap labour, since the only alternative to accepting such wages would be a return to the deprived rural areas."[89]

[86] Appendix E-12, p. 57, recital 241.
[87] *Ibidem*, recital 95.
[88] Final Determination Case AD0021 Single-mode Optical Fibre Cables from China, p. 68, recital 297. , attached as Appendix E-12.
[89] Ibidem, p. 67, recital 288.

48. The TRA further explained that even though workers in China have the right to form or join a trade union, "this right is severely limited as all unions must be affiliated with the legally mandated body, the All-China Federation of the Trade Unions (ACFTU)[, which is] is organised according to a hierarchy of local and regional union federations that reflects the structure of the Party and GOC."[90]

49. Additionally, the TRA found that workers cannot organise or negotiate outside the official structure, which shows that labour costs within the biodiesel market in China are subject to non-commercial factors.[91]

50. Therefore, we conclude that wage costs are distorted in the biodiesel industry. A system of market-based wages cannot fully develop in China as workers and employers are impeded in their rights to collective organization also applies to the biodiesel industry which is equally subject to government intervention.

g) Access to finance granted by institutions that implement public policy objectives or otherwise not acting independently of the State

51. The TRA determined a "predominance of state-owned banks within [China], and in particular the existence of the Export-Import Bank of China, which provides loans to support the export of goods produced in [China], including OFCs."[92]

52. The TRA concluded, "the predominance of state-owned banks is relevant as research suggests that SOEs are the main providers and recipients of financial support in China, as state banks channel below-market lending toward those industrial producers that are state-owned or otherwise favoured by authorities."[93]

53. More importantly, the TRA found that "[w]hether a bank is an SOE, a joint-stock enterprise or seemingly independent, [China]'s General Rules on Loans 1996

[90] Ibidem, recitals 290-91.
[91] See ibidem, p. 68, recital 294.
[92] Ibidem, p. 58, recital 246.
[93] Ibidem, p. 58, recital 247.

gives local authorities the legal right to support preferential loans for preferred industries."[94] The TRA determined that there was evidence that the loan interest rates reflect non-commercial factors, and as such, there is a PMS within the OFC industry.[95]

54. The biodiesel industry also benefits from the Chinese government's intervention in the financial system. Chinese biodiesel producers have access to financing granted by institutions that implement public policy objectives and do not act independently of the Chinese State.

Please give the normal value calculations using the appropriate section below, making sure to use the section relevant to the method you have described in this section. Delete tables for any methodologies you are not using.

The evidence you provide of normal value should, as far as possible:

be representative of different product types or models within the goods you are applying to us to investigate, if there are substantial differences in the normal value between these product types and models; and relate to normal value spread over the POI

E.4 Comparable Price

Prices should be net ex-works (EXW) and exclude all internal taxes, such as VAT. If EXW prices are not available e.g. if Cost Insurance and Freight (CIF) or Free On Board (FOB) prices are the only ones available, these prices should be adjusted to bring them to a net ex-works level. If using this method, ***please complete Annex 3****.*

Not applicable.

E.5 Constructed Normal Value

Please complete Annex 4*, explaining how each cost was calculated including:*

[94] Ibidem, pp. 58-59, recital 250.
[95] Ibidem, p. 60, recital 256.

- *materials;*
- *direct labour;*
- *overheads;*
- *administration, sales and general expenses (ASG), excluding transport costs; and*
- *the reasonable profit margin in the country of origin.*

1. Regulation 8(1)(a) of the Regulations provides that the TRA may determine the normal value of the goods by determining the costs of production plus a reasonable amount for administrative, selling, and general costs and for profits.

2. When constructing the normal value, the TRA can adjust the cost of production and the amounts for administrative, selling and general costs and for profits. See regulations 11(6), 12(6), and 13.

3. According to regulation 13(2) of the Regulations, the normal value shall be calculated based on what the overseas exporter's costs and profits would be in the market of the exporting country or territory if costs, prices and profits in that market were substantially determined by market forces.

4. Pursuant to regulation 13(4)(a) of the Regulations, in making adjustments, the TRA may have regard to corresponding costs of production, administrative, selling, general costs and profits in an appropriate representative third country or territory. Finally, according to regulation 13(5) of the Regulations, the choice of an appropriate representative country is based on the following criteria:

- whether and to what extent reliable information is made available to the TRA by overseas exporters in that country or territory at the time of selection of that country or territory;
- whether the country or territory has a similar level of economic development to the exporting country or territory; and
- any other factors [the TRA] considers relevant.

5. Among the countries having a level of economic development similar to China[96], the following countries have also sizeable domestic biodiesel production[97]:

Production of biodiesel – Average 2019-21			
Country	**Production (million liters)**	**Production (tonnes[98])**	**% in world production**
Brazil	6 325	5 568 000	13,34%
Argentina	1 765	1 553 697	3,09%
Thailand	1 443	1 270 247	3,04%
Malaysia	1 305	1 148 768	2,37%
Colombia	622	547 535	1,38%

Source: OECD - FAO Agricultural Outlook 2022-2031, Annex C, Appendix E-25

6. We note that the following above-mentioned countries should be excluded from the pool of potential representative countries:

- **With respect to Argentina**: The TRA is currently conducting a review into the biodiesel sector in Argentina. The TRA will consider the continuation of countervailing duties applied after it has been determined that the biodiesel industry in Argentina was distorted due to export restraints on biodiesel and their feedstocks, which provide heavy subsidization to biodiesel producers[99]. Thus, Argentina should not be considered a representative country in the present case.
- **With respect to Malaysia**: Malaysia has an export tax in place applicable to biodiesel feedstocks. As reported by Reuters in a press release dated 17

[96] See World Bank website, Upper middle-income countries.
[97] Peru also has biodiesel production, but it only amounted to 153 000 tonnes on average in 2019-2021 (representing 0,39% of total world biodiesel production), which makes it not sizeable. In the same vein, Paraguay also produces biodiesel, but this is also not a sizeable production as it only produced 10 600 tonnes of biodiesel on average in 2019-2021, representing 0,02% of worldwide production. See Annex C, Table C.41.1. Biodiesel projections: Production and use, OECD - FAO Agricultural Outlook 2022-2031, p. 79.
[98] 1 tonne of biodiesel = 1136 litres
[99] Commission Implementing Regulation (EU) 2018/244 of 11 February 2019 imposing a definitive countervailing duty on imports of biodiesel originating in Argentina, OJ L 40, 12.2.2019, p. 1. See also Notice of Initiation - Biodiesel (Arg) TS0044, attached as Appendix E-26.

April 2023, "Malaysia has maintained its May export tax for crude palm oil at 8% and raised its reference price, a circular on the Malaysian Palm Oil Board website showed […][100]." In line with the Argentinian case, Malaysia should not be considered a representative country in the present case.

7. In view of the above, we consider Brazil to be the most appropriate representative country. As compared to Thailand and Colombia, which are in the pool of potentially appropriate representative countries, Brazil has a much higher volume of domestic production, and all data for the construction of the normal value are readily available.

8. The following methodology was used to calculate the normal value:

- The Applicant used the cost structure of the two producers that compose the UK biodiesel industry to obtain the consumption volumes for each factor of production;
- The Applicant multiplied the consumption volumes for each factor of production by the undistorted costs per unit established in Brazil;
- Furthermore, it applied the manufacturing overheads to the undistorted costs of manufacturing and the SG&A and profit established for a Brazilian producer, based on publicly available data in Brazil for the period from October 2022 to September 2023.

9. To determine the prices of the various factors of production in Brazil, the Applicant relied on publicly available information and based its calculation on cost of production and sales that reflect undistorted prices or benchmarks, in accordance with regulation 13(4) of the Regulations.

Appendix E-28 – UK industry cost structure

Factors of production

10. Oil is the main feedstock in the biodiesel production. It represents around 80% of biodiesel manufacturing costs. The second raw material is methanol. As explained

[100] Reuters, "*Malaysia keeps May crude palm oil export duty at 8%*," 17 April 2023, attached as Appendix E-27

above, Chinese biodiesel producers manufacture biodiesel from used cooking oil (UCO). Therefore, the oil selected for the construction of the normal value is UCO.

Direct costs

11. Based on publicly available information, the Applicant used the following sources for all major factors of production:

Factors of Production and Sources of Data			
Factor of Production	**HS Code**	**Source of data the Complainant used**	**Unit of measurement**
Oils (used cooking oils)	1518 00	Trade Map	GBP/tonne
Methanol	2905 11	Trade Map	GBP/tonne
Electricity	-	EDP Brazil	GBP/kWh
Gas	-	Brazilian Ministry of Mines and Energy	GBP/kWh
By product - glycerin	2905 45	Trade Map	GBP/tonne

Appendix E-29 – Import into Brazil of UCO, Methanol, and Glycerine
Appendix E-30 – Electricity prices in Brazil (EDP)
Appendix E-31 – Gas prices in Brazil (Ministry of Mines and Energy)

Manufacturing overhead costs, SG&A and profits

12. As per regulation 13(1) of the Regulations, the constructed normal value shall include adjustments to the amounts for administrative, selling and general costs (SG&A), and for profits.

13. The Applicant identified publicly available financial statements for Caramuru Alimentos S.A. e Controladas for 2022 and 2023 Q3. Caramuru is the 5th largest biodiesel producer in Brazil, which has two production units in Goias and Mato Grosso

and whose production amounts to around 500 tonnes[101]. Camamuru's 2022 and 2023 Q3 financial statements showed 5.8% SG&A and 4.8% profit[102].

14. In view of the above, the Applicant calculated the constructed ex-works normal value during the POI as requested. Please also refer to Annex 4 **[Sensitive information removed – commercially sensitive data]**.

Where there is a particular market situation, make adjustments to elements of cost or profit that are not substantially determined by market forces. For further information, see our guidance on adjusting costs when constructing normal value or contact our Pre-Application Office (contact@traderemedies.gov.uk)

For any of the above methodologies, attach supporting documentation for the prices, costs and any adjustments (see below) you have made. This can include:

- *price lists;*
- *price quotations;*
- *sales invoices for domestic sales;*
- *sales correspondence;*
- *publicly available material containing information on domestic selling prices; and*
- *market surveys.*

Please refer to our answer to Question E-5 above.

[101] See Caramuru website, "*With two production units in Goiás (Ipameri and São Simão) and one in Mato Grosso (Sorriso), Caramuru reached 550 million litters produced in the year, becoming the fifth largest biodiesel producer in Brazil. A 100% clean and renewable biofuel produced from organic vegetable or animal matter, replacing fossil sources, providing environmental gains for the entire planet as it reduces greenhouse gas emissions in the atmosphere. This has a positive impact on human health and also contributes to social inclusion by increasing the income of family farmers and the communities where the plants are located," attached as Appendix E-32.*

[102] See Camamuru's 2022 and Q3 2023 financial statements, attached as Appendices E-33(A)-(C). This profit margin in the POI is low compared to the profit margins achieved by the Chinese biodiesel exporters and to the margin that the UK biodiesel industry could expect in the biodiesel sector absent unfair imports from China. However, the Applicant considers that the use of this limited profit margin is a prudent and conservative approach to calculating the normal value.

E.6 Selling Price from Exporter to a Third Country

*If this is the preferred method, **please use Annex 3**, indicating here which country you are using, and amending the listed adjustments to better reflect the adjustments made. Prices should be net ex-works (EXW) and exclude all internal taxes, such as VAT. If EXW prices are not available e.g. if Cost Insurance and Freight (CIF) or Free On Board (FOB) prices are the only ones available, these prices should be adjusted to bring them to a net ex-works level*

Not applicable.

E.7 Appropriate third country

This method is only available for particular foreign countries as defined under Regulation 14 of the D&S Regulations.

1. *Nominate an appropriate third country so you can establish normal values based on their selling prices.*

Please refer to our answer to Question E-5 above. The representative country selected by the Applicant is Brazil.

2. *Explain your basis for selecting this third country.*

Please refer to our answer to Question E-5 above.

3. ***Please use Annex 3** to calculate the Normal value based on the third country data, amending the listed adjustments to better reflect the adjustments made. Prices should be net ex-works (EXW) and exclude all internal taxes, such as VAT. If EXW prices are not available e.g. if Cost Insurance and Freight (CIF) or Free On Board (FOB) prices are the only ones available, these prices should be adjusted to bring them to a net ex-works level*

Please refer to Annex 3 in Appendix D-1.

E.8 Export price of the goods

The export price is the selling price of the goods from the exporting country to a UK importer or a third party for export to the UK. This is adjusted to account for export costs and calculated back to the ex-works export price in the country of export. In most cases, you can base the export price on the price charged by the exporter to an unrelated importer in the UK. If your complaint concerns more than one exporting country, calculate the export price for each country

However, you may need to construct export price based on sales to first independent buyers or another reasonable method if:

- *there is no export price;*
- *the price is unreliable due to an association or compensatory arrangement between the exporter and UK importer or third party.*

Before providing the export price of the goods, please explain which basis you are using to calculate this and why. If you have constructed the export price, please give your reasoning for doing this and evidence to support this.

1. The export price for the goods concerned was calculated based on the Chinese import price into the UK for biodiesel extracted from TradeMap. The import price is determined on a CIF basis. The Chinese import price was then adjusted to account for export costs and calculated back to the ex-works export price in China, the country of export.

2. The Applicant calculated the export costs as the sum of the international freight between China and the UK and the domestic freight in China. The Applicant calculated the international freight from China to the UK based on the cost of transport of a 20' container loaded in Shanghai and shipped to Rotterdam, the port in Europe closest to the UK for which Frieghtos.com published estimated costs.[103] The total cost of transport was divided by 25.4 tonnes, the total volume a 20' container may hold up. Based on the aforementioned methodology, the Applicant calculated the unitary cost of transport regarding the international freight. The international freight was in

[103] See https://www.icontainers.com/help/20-foot-container/

US dollars and was converted to British Pounds based on the average exchange rate for the POI.

3. Then, the Applicant calculated the domestic transport costs in China based on the cost of transport of a 15-tonne cargo as described on the website Doing Business for the domestic transport cost in China. The total cost was divided by 15 tonnes, the standard volume used by Doing Business. Based on the aforementioned methodology, the Applicant calculated the unitary cost of transport regarding the domestic freight in China. The international freight was in US dollars and was converted to British Pounds based on the average exchange rate for the POI.

4. The sum of the unitary value of international freight and the unitary value of domestic freight in China was deducted from the CIF import price.

5. For a detailed calculation, please refer to Annex 5 (Appendix D-1 - **[Sensitive information removed – certain parts contain commercially sensitive data]**) and the supporting documents attached as Appendices E-34 (Freightos International freight) and E-35 (Doing Business - Domestic Freight in China).

Please give your export price calculations in the appropriate table below. Make sure you use the basis you described above and delete tables for any methodologies you are not using. Please note that whichever methodology you use, you will need to provide an export price on a CIF and EXW level. You should use price information from the POI.

The evidence you provide of the export price should, as far as possible:

- *be representative of different product types or models within the goods you are applying to us to investigate, if there are substantial differences in the normal value between these product types and models; and*
- *relate to normal value spread over the POI*

If either/both of these are not possible, please explain why. If you consider that export prices would not have varied significantly over the last year and so prices over the period outlined above would not be relevant for establishing representative export prices, please explain why you consider that to be the case.

E.9 Export price based on the selling price of the goods from the exporting country to a UK importer or a third party for export to the UK

Provide the export prices of the allegedly dumped goods using Annex 5 Evidence and individually itemise the costs subtracted from this selling price to bring it back to an ex-works level, such as publicly available freight rates. Explain how the amounts were established.

Provide documentary evidence for the selling price to the importer in the UK, such as:

- *sales invoices;*
- *written offers;*
- *price quotations;*
- *sales correspondence; or*
- *official statistics.*

Not applicable.

E.10 Constructed Export Price

Calculate the constructed export price(s).

You may need to adjust for any costs included in the selling price which relate to the movement of the goods to the UK. If you are using sales to the first independent buyer as a basis for constructing, establish the details of the first sale to an independent buyer in the UK and deduct taxes, costs, charges, expenses and profit margins to obtain an ex-works price in the country of origin.

If there are different models or types of product for the imported goods, please construct a price for each one. Provide each adjustment separately. If your starting point is a CIF value, you will only have to find and deduct costs incurred by the exporter in the country of export from CIF back to the ex-works level.

Provide evidence to show how you have calculated or estimated the export prices. Include all the evidence you have on the resale price of the imported goods in the UK. Provide the basis for the costs and profits subtracted from this selling price to

bring it back to an ex-works level such as published industry mark-ups or publicly available freight rates and give evidence to support each cost adjustment.

Not applicable.

E.11 Fair Comparison

To achieve an appropriate price comparison, the export price and the normal value should be compared at a fair level, in terms of their basic physical and chemical characteristics and the terms and conditions of sale. To achieve this comparison, please adjust your calculations to account for any differences which affect price comparability. This means that the comparison should be made at the same level of trade (such as wholesale or retail), at ex-factory level (EXW), and where possible, at the same time.

For certain types of adjustment, only the normal value may need to be adjusted. Sometimes both the normal value and export price will need to be adjusted. Use the table of adjustments below to check if the adjustment can be applied to export price or normal value or both. For more information, please consult our fair comparison guidance.

Table of adjustments	***Export Price***	***Normal Value***
Physical characteristics	*No*	*Yes*
Import charges and indirect taxes	*No*	*Yes*
Discounts, rebates, quantities	*Yes*	*Yes*
Level of trade	*No*	*Yes*
Transport, insurance, handling	*Yes*	*Yes*
Packing	*Yes*	*Yes*
Credit	*Yes*	*Yes*
After sales costs	*Yes*	*Yes*
Commissions	*Yes*	*Yes*
Currency Conversion	*Yes*	*Yes*

1. *Provide the relevant adjustments so you can compare the export price and normal value.*

The Applicant used transport costs (international and domestic freight) to adjust the export price.

2. *Provide, for all adjustments you make, the following:*

- *details of the differences that resulted in an adjustment;*
- *details of how you produced the estimate of the allowances for the differences; and*
- *supporting evidence concerning these differences.*

Please refer to our answer to Question E.8 above on how the Applicant calculated the export price of the goods concerned.

E.12 Dumping Margin

*If the overall dumping margin calculated across all product types/models and across all transactions is **less than 2%**, the Regulations consider this to be minimal and we cannot initiate an investigation.*

1. *Calculate the dumping margin. **Complete Annex 7**, repeating the calculation for each different model of the imported goods you have previously identified. Make sure you do this for each export price you have provided and for the normal value you have provided which is most closely comparable to that export price. If your complaint concerns more than one exporting country, calculate the dumping margin for each country.*

If the normal value or the export price (or both) you have used was not an ex-works price, please describe the level of trade it relates to.

1. Chinese biodiesel producers exported the goods concerned at a dumping margin of **[50-85]** % during the POI.

2. Please refer to Annex 7 (Appendix D-1) – **[Sensitive information removed – certain parts contain commercially sensitive data]**.

Section F: Subsidised imports

Complete this section if you are making an application for a subsidy investigation.

Not applicable.

In order for us to investigate whether the goods are subsidised, we must be satisfied that the application contains enough evidence:

- *that the goods are being imported*
- *that the goods are subsidised*
- *that the goods are causing injury to UK industry*
- *that the volume of goods and injury is more than negligible and the amount of subsidy is more than minimal*
- *that the market share is met or waived.*

'Minimal', for developed countries, means a subsidy amount that is less than 1% of the estimated value of the goods (2% in the case of a developing country).

'Negligible' is where the exporting country accounts for less than 3% of imports of the goods in question into the UK (less than 4% in the case of a developing country). The other exception to this is where the exporting countries individually account for less than 3%, but collectively account for more than 7% of imports of the goods being imported.

F.1 Volume of subsidised imports

Not applicable.

1. *List all countries (or territories) that export the goods to the UK, noting whether they are the country of origin or just the exporting country; in the latter case, please provide the identity of the country of origin.*
2. ***Complete the Annex 2**, giving the volume and value of the imported goods for the POI, to demonstrate percentage of total imports.*
3. *Provide details and evidence of how the volume and value of subsidised imports have been calculated.*

F.2 Countervailable subsidies in the exporting country

Not applicable.

A subsidy exists if there is a financial contribution by a foreign authority which confers a benefit on the recipient (usually an industry or business manufacturing goods) or a form of income or price support received from a foreign authority which confers a benefit on the recipient. Forms of income and price support are defined in Article XVI of the General Agreement on Tariffs and Trade 1994 (part of Annex 1A to the WTO Agreement).

Not all subsidies are countervailable. A subsidy is countervailable if it is specific to certain companies or industries (rather than general) and when it is granted either directly or indirectly for the manufacture, production, export or transport of goods.

Please refer to our guidance on How we carry out a subsidy investigation for further information.

1. *Using the table below, list all known countervailable subsidy programmes in the exporting country which relate to the production and/or sale of the goods you are asking us to investigate. Subsidy programmes can include, but are not limited to:*

- *Grants*
- *Loans and loan guarantees*
- *Tariff/tax exemptions (including VAT/Sales Tax)*
- *Debt for equity swaps*
- *Land use rights*
- *Export credits and financing*
- *Equity infusions*
- *Provision of goods and services*
- *Purchase of goods*
- *Income or price support arrangements.*

Subsidy programmes

To understand if there has been a financial contribution, we need to identify if:

- *there has been a direct transfer of funds from a foreign authority, including making money and financial resources available;*
- *there has been a potential direct transfer of funds from a foreign authority, including a commitment to transfer funds;*
- *revenue that is rightfully due to government has not been collected (waived or deferred), including, taxes, debt, derivatives, or dividends;*

- *goods and services have been provided for by a foreign authority, at a lower amount than normally would have been paid;*
- *goods were purchased from a producer by a foreign authority, that artificially increases the revenue gained from selling the goods; or*
- *a foreign authority has:*
    - *made payments through a financial mechanism, or*
    - *entrusted or directed a private body to carry out any of the above functions.*

2. *For all subsidy programmes listed above, please explain and provide documentary evidence of the subsidy programme (the financial contribution), including:*

- *the subsidy programme's commencement date;*
- *the subsidy amount or value; and*
- *the frequency of subsidy i.e. one-off or re-occurring.*

3. *For all subsidy programmes listed above, please explain and provide documentary evidence that the subsidy has been (or is still being) provided by a foreign authority.*

As well as establishing that a subsidy is in place, we need to understand the benefit it confers on the recipient. A benefit cannot exist theoretically – it has to be received by a recipient. It is important to note that the recipient of the benefit doesn't necessarily need to be the same recipient that received the financial contribution. For example, a subsidy provided to an upstream industry provides a benefit to a downstream industry.

4. *For all subsidy programmes listed above, please explain and provide documentary evidence of the effect of the subsidy on the production and sales of the goods being imported to the UK.*
5. *For all subsidy programmes listed above, please explain and provide documentary evidence of the specific nature of the subsidy, including:*

- *conditions of eligibility to receive the subsidy;*
- *all known recipients of the subsidy;*
- *whether the subsidy is only available to certain regions or territories within the exporting country.*

F.3 Calculating how much subsidy the imported goods attract

Not applicable.

We need to understand the amount of subsidy which the subsidised imports receive. If we establish that a measure is needed to counteract the injury the goods are causing to the UK market, this will help us determine what sort of measure to recommend and at what level.

To make this calculation, we will need to establish:

- *the total amount of the countervailable subsidy;*
- *the amount of the countervailable subsidy that can be attributed to the POI; and*
- *which goods the countervailable subsidy can be allocated to during the POI.*

1. *For all subsidy programmes listed above, please explain and provide documentary evidence about the total amount of countervailable subsidy that the imported goods attract. You will need to explain the calculation methodology used. It is the benefit to the recipient that matters, not the cost (or opportunity cost) to the foreign authority. You should refer to our How we assess the benefit a subsidy provides guidance to understand what is required.*

2. *For all subsidy programmes listed above, please explain and provide documentary evidence relating to the amount of the countervailable subsidy that can attributed to the period of investigation, including the calculation methodology you used. You should refer to our guidance on Determining the amount of the subsidy that can be attributed to the period of investigation when completing this section.*

3. *For all subsidy programmes listed above, please explain and provide documentary evidence relating to the goods the countervailable subsidy that can be attributed to during the period of investigation, including any calculation methodologies used. You should refer to our guidance on Determining the amount of the subsidy that can be attributed to the period of investigation when completing this section. We will be specifically looking at whether the subsidy is linked to the export of certain goods, the sale of certain goods, or to sales to a certain market.*

Section G: Injury

This section is about injury which the imports may be causing to the UK industry for the goods.

Injury as defined by the Act can refer to:

- *Material injury, or the threat of material injury to the industry, or*
- *Material retardation of the establishment of the industry.*

If your industry has suffered or is suffering material injury, all companies/associations involved in this application must complete the section G1 separately. This section should also be completed to represent the entire UK industry. Label each completed section clearly showing who it relates to.

If your industry is threatened with material injury but there is no injury yet, all companies/associations involved in this application must complete the section G1 separately. This section should also be completed to represent the entire UK industry. Label each completed section clearly showing who it relates to.

If your industry is nascent and is being or has been materially retarded, please contact us at contact@traderemedies.gov.uk.

G.1 Material Injury

Material injury is determined through a number of injury indicators. Not all the injury factors need to indicate material injury, but all the factors need to be considered in order to establish material injury. These include, but are not limited to:

- *Actual and potential decline in: sales, profit, output, market share, productivity, return on investments, or use of capacity;*
- *Factors affecting domestic prices of the goods;*
- *The magnitude of the margin of dumping and/or the amount of subsidy; and*
- *Actual and potential negative effects on: cash flow, inventories, employment, wages, growth, ability to raise capital, or investments.*

1. *Please describe, with appropriate figures, how the UK industry for these goods has performed in terms of each of the above injury indicators for the POI, and injury period.*

   - *Explain how you have calculated the figures and substantiate your figures with evidence.*

- *Provide evidence for each indicator.*
- *If you don't know the exact figures for other UK producers, provide an estimate based on reasonable assumptions.*
- *State the methodology and assumptions that you used.*

Economic and financial situation of the UK biodiesel industry

1. Dumped imports of biodiesel from China have caused material injury to the UK industry.

2. RTFA provides the economic indicators below to show how the UK biodiesel industry has performed in terms of each of the injury indicators for the POI and injury period.

3. As will be shown below, the massive surge of dumped biodiesel imports from China has negatively affected UK biodiesel producers.

4. To assess the evolution of the situation of the UK industry, the following indicators will be examined:

- Actual and potential decline in sales, profit, output, market share, productivity, return on investments, or use of capacity;
- Factors affecting domestic prices of the goods;
- The magnitude of the margin of dumping; and
- Actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investments.

Production, capacity, and utilisation rate of the UK biodiesel industry

5. The biodiesel production of the UK biodiesel industry increased by **[15-20]** % between 2020 and the POI, reaching **[150,000-200,000]** tonnes:

PRODUCTION (MT)				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]

Index: 2020=100	**100**	**[95-99]**	**[110-140]**	**[115-145]**

Source: Injury questionnaire, attached as Appendix G-1.

6. As shown below, the production capacity of the UK biodiesel industry increased during the period considered, from **[150,000-190,000]** tonnes in 2020 to **[170,000-200,000]** tonnes during the POI, i.e., an increase of **[5-9]** %:

CAPACITY (MT)				
	2020	**2021**	**2022**	**POI (Q4 22 - Q3 23)**
UK industry	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index: 2020=100	**100**	**[100-115]**	**[102-120]**	**[105-125]**

Source: Injury questionnaire, attached as Appendix G-1.

7. The capacity utilisation of the UK biodiesel industry increased between 2020 and the POI from **[85-90]** % to **[95-99]** %:

CAPACITY UTILISATION (%)				
	2020	**2021**	**2022**	**POI (Q4 22 - Q3 23)**
UK industry	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index: 2020=100	**100**	**[90-99]**	**[100-120]**	**[105-125]**

Source: Injury questionnaire, attached as Appendix G-1.

8. The value of production of the UK biodiesel industry increased **[25-40]** % from 2020 to 2021. It increased from 2021 to 2022, reaching an accumulated increase of **[100-150]** %. However, the value of production decreased in the most recent period by over **[5-15]** %, reducing £ **[25-30]** million from 2022 to the POI.

VALUE OF PRODUCTION (GBP)				
	2020	**2021**	**2022**	**POI (Q4 22 - Q3 23)**
UK industry	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index: 2020=100	**100**	**[110-150]**	**[200-250]**	**[180-230]**

Index: 2022=100			**100**	**[75-110]**

Source: Injury questionnaire, attached as Appendix G-1.

Domestic sales of the UK biodiesel industry

9. As shown in the table below, the volume of domestic sales of the UK biodiesel industry increased from **[50,000-60,000]** tonnes in 2020 to **[70,000-100,000]** from 2020 to 2022, an increase of **[40-70]** %. From 2022 to the POI, UK domestic sales to unrelated companies dropped **[10-18]** %, reaching **[60,000-85,000]** tonnes in the POI:

DOMESTIC SALES TO UNRELATED COMPANIES (MT)				
	2020	**2021**	**2022**	**POI (Q4 22 - Q3 23)**
UK industry	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index: 2020=100	**100**	**[60-100]**	**[130-180]**	**[110-160]**
Index: 2022=100			**100**	**[60-100]**

Source: Injury questionnaire, attached as Appendix G-1.

10. The value of domestic sales of the UK biodiesel industry to unrelated companies increased significantly between 2020 and 2022. This can be explained by an increase in the sale price of the UK biodiesel industry during the period considered, from **[800-1100]** £/tonne in 2020 to **[1300-1800]** £/tonne in 2022.

DOMESTIC SALES TO UNRELATED COMPANIES (GBP/ton)				
	2020	**2021**	**2022**	**POI (Q4 22 - Q3 23)**
UK industry	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index: 2020=100	**100**	**[90-130]**	**[130-190]**	**[100-170]**
Index: 2022=100			**100**	**[60-100]**

Source: Injury questionnaire, attached as Appendix G-1.

11. However, the UK biodiesel industry experienced difficulties in the most recent period as a result of Chinese unfair practices and saw the prices it practices in its domestic sales drop during the POI, potentializing the decrease in sales value. From

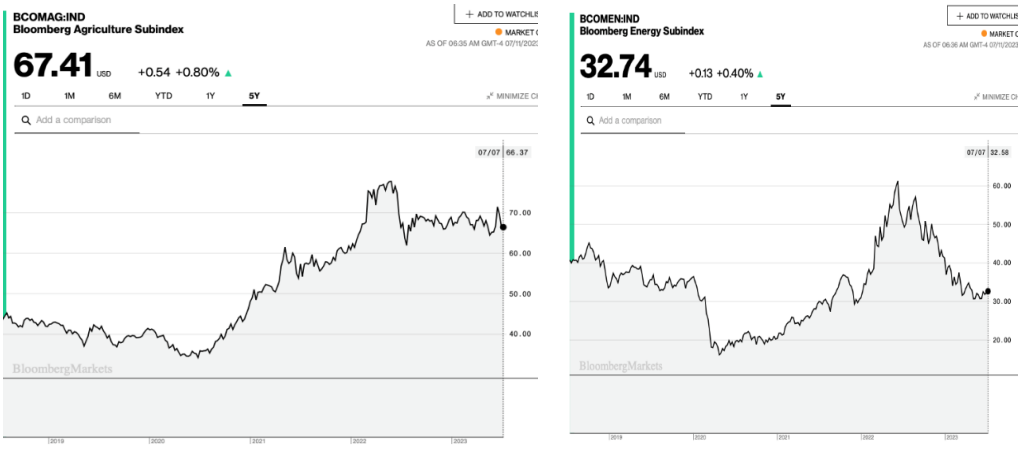
2022 to the POI, following a decrease of **[10-20]** % in its price, the value of the UK biodiesel industry's domestic sales to unrelated parties dropped **[20-35]** %:

DOMESTIC SALES TO UNRELATED COMPANIES (GBP)				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Index: 2020=100	100	[85-95]	[230-280]	[150-210]
Index: 2022=100			100	[60-85]

Source: Injury questionnaire, attached as Appendix G-1.

12. The significant increase in the domestic sale price of biodiesel from 2020 to 2022 can be explained by a major increase in the commodity price post-pandemic when supply chain bottlenecks were revealed, which later triggered global inflation. However, from 2022 to the POI, such price increases reversed, causing the prices of biodiesel to fall.

13. The graph below from Bloomberg shows that commodity indexes like subindex for Agriculture or energy have substantially increased, which triggered much higher biodiesel prices in the UK:



Source: Bloomberg

Cost of production of the UK biodiesel industry

14. The average cost of production of the UK biodiesel industry increased between 2020 and 2022, from **[800-1000]** £/tonne in 2020 to **[1300-1900]** £/tonne in 2022, which corresponds to an increase of **[60-90]** %. During the POI, the costs of production decreased by **[8-15]** % when compared to 2022. However, the decrease in the cost of the product was not sufficient to compensate for the decrease of **[10-24]** % in sales price in the same period.

COST OF PRODUCTION (£/MT)				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Index: 2020=100	100	[100-150]	[150-200]	[130-170]
Index: 2022=100			100	[70-100]

Source: Injury questionnaire, attached as Appendix G-1.

15. Feedstocks represent more than 75% of biodiesel production costs. Therefore, biodiesel prices are heavily dependent on feedstock prices but also on diesel prices, as it is a competing product. Exceptional events like the COVID-19 outbreak and Russia's invasion of Ukraine have led to surges in prices of transport fuel blends and, consequently, to price increases for biodiesel.

16. Russia's invasion of Ukraine not only pushed up gas prices but also increased vegetable oil prices, as Ukraine is the world's main supplier of sunflower oil, one common raw material used in the production of biodiesel. Prices of vegetable oils relative to gasoil have been the ultimate determinant of biodiesel prices.

17. Concomitantly, China returned from its lockdown and increased the volume of biodiesel exports to the UK. China adopted a stricter lockdown policy that lasted longer than the lockdown in the UK. Since the relaxing of the lockdown in China, there has been a significant increase in flows from China, and UK producers are struggling to compete with unfair imports.

Profitability of the UK biodiesel industry

18. The profit margin of the UK biodiesel industry fluctuated during the period considered. The profit margins decreased by **[2-10]** percentage points from 2020 to 2021. While it partially recouped in the following period, it was insufficient to make the industry profitable. As a result of the increased unfair Chinese imports, the profitability of the UK biodiesel industry plummeted, reaching its worst performance in the POI:

PROFIT MARGINS				
	2020	**2021**	**2022**	**POI (Q4 22 - Q3 23)**
UK industry	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index: 2020=100	**100**	**[(-300)-(-200)]**	**[(-100)-(-10)]**	**[(-500)-(-400)]**

Source: Injury questionnaire, attached as Appendix G-1.

19. As shown above, the UK biodiesel industry has been able to increase prices when costs increased. However, unfair Chinese biodiesel imports put pressure on UK sales, which led to a decrease in profitability. As shown in the table below, the profitability of the UK biodiesel industry followed the evolution of the Chinese dumped imports: it decreased significantly when Chinese dumped imports surged in the UK:

	2020	**2021**	**2022**	**IP (Q3 2022-Q2 2023)**
Profit margin (%)	**[0-2]%**	**[(-5)-(-1)]%**	**[(-3)-0)]%**	**[(-10)-(-3) %**
Chinese imports (TradeMap) (tonnes)	17,615	89,408	766,856	724,034

Source: TradeMap and Injury questionnaire

20. In an effort to maintain its market share and balance the massive volume of dumped imports from China during the POI, the UK biodiesel industry reduced its price, supplanting the reduction in the cost of production, which led to a reduction of the UK biodiesel industry's profit margin from **[(-3)-0]**% to **[(-10)-(-3)]** %.

Stocks of the UK biodiesel industry

21. As shown in the table below, the inventories of the UK biodiesel industry increased by **[30-60]** % between 2020 and the POI, reaching **[8,000-12,000]** tonnes:

STOCKS (MT)				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Index: 2020=100	100	[160-200]	[100-160]	[130-170]

Source: Injury questionnaire, attached as Appendix G-1.

Investments and Return on Investment

22. Investments of the UK biodiesel industry significantly decreased between 2020 and the POI. In 2020, the UK biodiesel industry invested over **[8-15]** million £. However, the POI, the UK biodiesel industry invested **[3-8]** million £, i.e., a decrease of **[40-60]** % compared to the 2020 level of investments:

INVESTMENTS (GBP)				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Index: 2020=100	100	[100-150]	[50-80]	[40-60]

Source: Injury questionnaire, attached as Appendix G-1.

23. The return on investments of the UK biodiesel industry significantly decreased between 2020 and the POI. In 2020, return on investments represented **[(-5)-0]** %. From 2020 to the POI, the return on investments deteriorated almost three times, reaching **[(-7)-(-4)]** %:

RETURN ON INVESTMENTS				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Index: 2020=100	-100	[150-250]	[(-800)-(-700)]	[(-300)-(-200)]

Source: Injury questionnaire, attached as Appendix G-1.

Employment, wages, and productivity

24. The number of employees of the UK biodiesel industry decreased during the period considered. After a period of stability in 2020 and 2021, employment reduced

by **[5-10]** % compared to 2020. During the POI, employment decreased to **[140-180]** employees, i.e., a decrease of **[10-20]** % compared to the 2020 level:

EMPLOYMENT (end of period)				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Index: 2020=100	100	[80-110]	[90-115]	[75-100]

Source: Injury questionnaire, attached as Appendix G-1.

25. Wages of the UK biodiesel industry fluctuated during the period considered. Wages increased **[1-5]** % from 2020 to 2021. In 2022 and during the POI, wages decreased by **[2-8]** % and **[5-15]** % compared to the 2020 level:

WAGES (GBP)				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Index: 2020=100	100	[95-120]	[85-110]	[80-100]

Source: Injury questionnaire, attached as Appendix G-1.

26. As shown in the table below, the productivity per employee of the UK industry progressively increased during the period. In 2020, the productivity per employee amounted to **[700-800]** tonnes/employee and increased to **[1000-1200]** tonnes/employee during the POI:

PRODUCTIVITY (MT/employee)				
	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Index: 2020=100	100	[90-110]	[110-140]	[130-150]

Source: Injury questionnaire, attached as Appendix G-1.

27. The above economic indicators evidence the material injury suffered by the UK biodiesel industry due to the surge of Chinese imports. As shown above:

- The value of production reduced by over **[5-15]** % from 2022 to the POI;
- The domestic sales of the UK biodiesel industry to unrelated parties decreased **[10-15]** % in volume and of **[20-35]** % in value from 2022 to the POI. This recent trend was potentialized by the decrease in prices by **[10-20]** % in the same period.

- The cost of production increased significantly during the period concerned as a result of an increase in the prices of feedstock. Even though there was a decrease of **[10-15]** % in the cost of production from 2022 to the POI, the decrease in the cost of the product was not sufficient to compensate for the decrease of **[10-20]** % in sales price in the same period.

- The profit margins decreased **[2-8]** percentage points from 2020 to 2021. While it partially recouped in the following period, it was insufficient to make the industry profitable. As a result of the increased unfair Chinese imports, the profitability of the UK biodiesel industry plummeted, reaching its worst performance in the POI.

- Investments made by the UK biodiesel industry reduced by almost **[40-60]** from 2020 to the POI, and the return on investments deteriorated almost three times from 2020 to the POI, reaching **[(-10)-(-1)]**% in the final period.

- The number of employees and their wages also declined in the period concerned. The number of employees in the biodiesel industry reduced by **[10-20]** % during the period concerned and **[5-15]** % from 2022 to the POI. Wages in the industry also reduced by **[2-8]** % during the period concerned, reaching its lowest level during the POI.

2. *Is your company suffering injury which you believe to have been caused by the imported goods? If so, please describe the injury. You may want to include the prices, volumes or profits associated with your production and sale of the goods you manufacture or describe other aspects of your business. Please specify and substantiate your claims with evidence. Please estimate the date when the injury began to affect your business. Explain how it has developed since this date.*

Please refer to our answer to Question G.1.

3. *Report your total cost to make and sell like goods in the UK. Please clearly separate your costs of production (direct manufacturing costs and indirect costs), from your administrative, selling and general expenses (AS&G). Provide costs for each model that you produce. When giving your labour costs, please ensure you include all labour costs, directly or indirectly incurred by any activity related to the goods.*

Please refer to the table below for the total cost of goods sold in the UK for the UK biodiesel industry. For detailed information regarding the cost of goods sold for individual companies that are part of the UK biodiesel industry, please refer to Appendix G-1 (Injury questionnaire) **[Sensitive – certain parts contain commercially sensitive data]**.

COSTS OF PRODUCTION				
Unit cost of goods sold (£/MT)	**2020**	**2021**	**2022**	**POI (Q4 22 - Q3 23)**
Manufacturing cost	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
SG&A	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Others (financial costs, R&D expenses and other costs)	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Total Production cost	**[800-1000]**	**[1000-1300]**	**[1300-1700]**	**[1200-1500]**

Source: Injury questionnaire, attached as Appendix G-1.

4. *For the goods that you produce, please state what level of profit, before tax and as a percentage of turnover, your company would expect to achieve if there was no injury from the imported goods and explain how you arrived at this figure.*

1. The Applicant expected to achieve at least a profit margin of 11% if there was no injury from the imported goods.

2. The percentage is based on the previous 2019 anti-subsidy investigation on biodiesel imports from Argentina, which the European Commission conducted and that is now under transition review by the TRA. At the time of the original investigation, the European Commission considered data for the biodiesel industry that included UK production. In that investigation, the European Commission considered that the

target profit margin was set at 11%, which is the level used by the Commission in its previous investigation with measures imposed on 26 November 2013[104].

3. Because such a profit margin was determined considering the UK producers, the Applicant urges the TRA to confirm that it is expected that the UK biodiesel industry would achieve at least a profit margin of 11% if there was no injury from the imported goods.

5. *Explain if your current sales prices for the goods are the same as your target sales prices. If not, please explain the reasons for this.*

The Applicant's current sales prices for biodiesel are not the same as the Applicant's target sales prices. The Applicant was forced to reduce its sales price to compete with Chinese unfair imports, which led the Applicant to incur significant losses.

6. *Provide details of any price undercutting and and/or if the prices of the dumped and/or subsidised imports are reducing or negatively affecting prices in the UK. Compare the sales prices of the dumped and/or subsidised imports with the sales prices of your goods on the UK market. Include any supporting evidence.*

[104] Commission Implementing Regulation (EU) 2019/244 of 11 February 2019 imposing a definitive countervailing duty on imports of biodiesel originating in Argentina, OJ L 40, 12.2.2019, p. 1, Recital (496)

Price undercutting and underselling

Undercutting calculation

1. The Applicant compared the average domestic sales price to unrelated parties with the average import price of the goods concerned. The results show a price undercutting of **[7-17]** %:

Price undercutting	IP (Q4 2022 - Q3 2023)
Average Sales price of the Applicant (£/tonne)	**[1100-1500]**
Import price of biodiesel from China (£/tonne)	**[900-1300]**
Undercutting (£/tonne)	**[100-200]**
Undercutting (%)	**[7-17] %**

Appendix G-2 – Undercutting and underselling calculations

Underselling calculation

2. During the POI, the profit margin of the UK biodiesel industry was [(-12)-(-2)] %. Therefore, this profit margin is well below the minimum 11% target profit margin that any industry should be expected to reach under normal conditions of competition, as explained above. Therefore, the Applicant will proceed to an underselling margin.

4. In the previous 2019 anti-subsidy investigation on biodiesel imports from Argentina, the European Commission considered that the target profit margin was set at 11 %. At the time of the original investigation, the European Commission considered data for the biodiesel industry that included UK production. In that investigation, the European Commission considered that the target profit margin was set at 11%, which is the level used by the Commission in its previous investigation with measures imposed on 26 November 2013[105].

3. Therefore, Applicant will use a target profit of 11% to calculate the underselling margin, as follows:

Price underselling	IP (Q4 2022 - Q3 2023)
Cost of production (in £/tonne)	[1000-1500]
Profit (11%)	[140-190]

UK target price	**[1300-1800]**
Import price of biodiesel from China (£/tonne)	**[900-1300]**
Underselling (in £/tonne)	**[300-400]**
% of underselling	**[20-30] %**

Appendix G-2 – Undercutting and underselling calculations

4. The calculation above shows an underselling margin of **[20-30]**%[106].

5. It results from the above that the dumped imports of biodiesel from China have undercut and undersold UK sales prices.

G.2 Threat of injury

1. *Describe the change in circumstances that means the threat of material injury from dumping and/or subsidisation is foreseeable and imminent. The factors behind these changes could include:*

- *the rate of increase of dumped and/or subsidised imports;*
- *changes to the available production capacity of the exporters;*
- *changes to inventories of the imported goods (i.e. if large stocks of these goods are building up in their country of origin ready for export);*
- *expected price depression or price suppression of further imports; and*
- *any other relevant factors.*

Not applicable.

2. *If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.*

Not applicable.

3. *Explain why you believe the threatened injury to your industry will be material.*

Not applicable.

[105] Commission Implementing Regulation (EU) 2019/244 of 11 February 2019 imposing a definitive countervailing duty on imports of biodiesel originating in Argentina, OJ L 40, 12.2.2019, p. 1, Recital (496)
[106] See Appendix G-2 Undercutting and underselling calculations.

Section H: Causal link between the imported goods and injury to your industry

For TRA to initiate an investigation, there must be evidence of a causal relationship between the injury to the UK Industry and the alleged dumping and/or subsidisation.

1. *If your company is suffering injury, please explain and provide evidence that shows how this has been caused by the goods you want us to investigate. Describe how the volumes and prices of the imported goods have affected your industry, basing your answer on the injury indicators in the previous section.*

Contextual information

1. The biodiesel production in China has severely increased over the past four years, from 1,250,735 tonnes in 2020 to 2,764,579 tonnes in 2023:

Chinese biodiesel production	2020	2021	2022	2023f
in tonnes[107]	1,250,735	1,553,162	2,044,849	2,764,579

Source: GAIN report, USDA, Biofuels China, 2023 (Table 4), attached as Appendix E-3.

2. Despite this sharp increase in biodiesel production in China, there is, as explained above, no real domestic consumption of biodiesel in China. As shown in the table below, Chinese biodiesel consumption amounted to only 642,117 tonnes in 2022, while the Chinese industry manufactured 2.04 million tonnes during the same period:

Chinese biodiesel consumption	2020	2021	2022	2023f
in tonnes[108]	459,507	494,474	642,117	740,219

Source: GAIN report, USDA, Biofuels China, 2023 (Table 4), attached as Appendix E-3.

3. Despite promising declarations, China has never put a biodiesel blending mandate in place on its territory. In contrast with most other countries, biodiesel in China is mainly used for electric power generation, fishing vessels, and farm equipment. On-road transport accounts for over one-third of total biodiesel demand

[107] The original table is in liters (see table 4 p. 13 USDA Gain Report 2023, Appendix E-3), the conversion rate applied is 1 MT of FAME =1136 liters and 1 MT of HVO = 1 282 liters
[108] The original table is in liters (see table 4 p. 13 USDA Gain Report 2023, Appendix E-3), the conversion rate applied is 1 MT of FAME =1136 liters and 1 MT of HVO = 1 282 liters.

in China, with Shanghai remaining the only local authority moving toward a biodiesel programme[109].

4. As shown in the table below, the capacity utilisation of the Chinese biodiesel industry was always below 50% until 2023:

Chinese biodiesel capacity utilisation (%)	2019	2020	2021	2022	2023f
FAME	35%	42%	37%	43%	51%

Source: GAIN report, USDA, Biofuels China, 2023 (Table 4), attached as Appendix E-3.

5. The tables above confirm that the Chinese biodiesel industry has been developing during the past years to only target export markets, including the UK market, with dumped imports to benefit from the UK's ambitious environmental policies.

Evolution of Chinese dumped imports into the UK

6. Chinese biodiesel imports into the UK sharply increased between 2020 and POI. As shown in the table below, Chinese biodiesel imports into the UK have surged, from 17,615 tonnes in 2020 to 724,034 tonnes during the POI, i.e., a total increase of 4,010%:

Volume (in tonnes)	**2020**	**2021**	**2022**	**Q1 - Q3 2023**
China	17,615	89,408	766,856	724,034
Index: 2020=100	100	508	4,353	4,110
Share on imports	2%	12%	59%	69%

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

7. From 2020 to 2021, import prices remained relatively stable, decreasing 1% in the period. Between 2021 and 2022, Chinese biodiesel import prices increased 17% because of an increase in feedstock prices. Despite the increase in the import price, Chinese biodiesel remained the lowest-priced imported product in the UK,

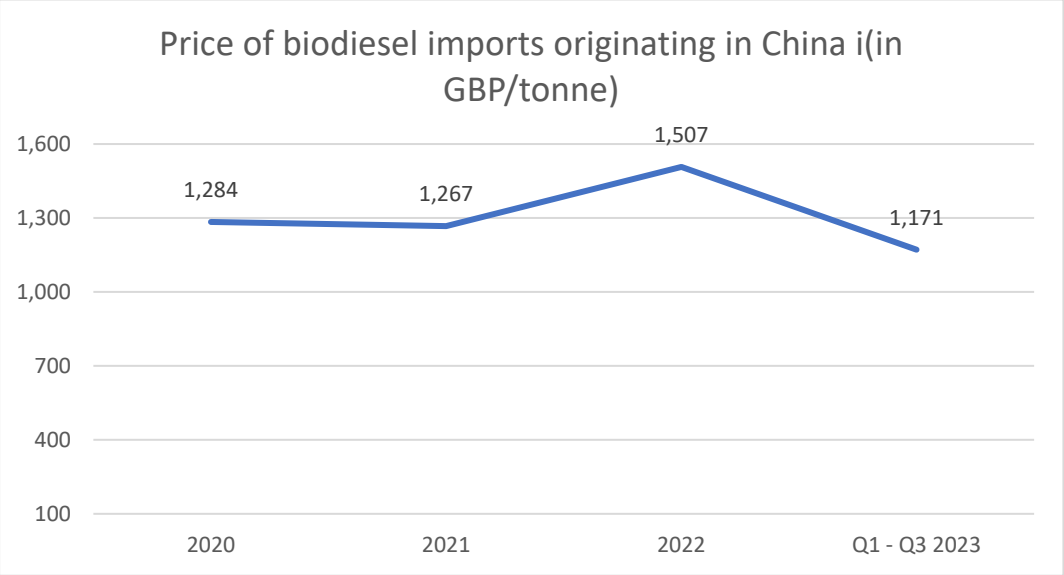
[109] See GAIN Report, Biofuels China, p.14, Appendix E-3

displacing other sources of imports and becoming the most relevant origin of imported biodiesel. The share of Chinese biodiesel within total imports went from 12% to 59% from 2021 to 2022 because of the unfair price practices by Chinese exporters. From 2022 to the POI, the Chinese import price will reduce by 22%, thereby increasing the Chinese share within total imports to 69%.

Price (GBP/tonne)	2020	2021	2022	Q1 - Q3 2023
China	1,284	1,267	1,507	1,171
Index: 2020=100	100	99	117	91
Index: 2022=100			100	78

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

8. The graphic below shows the evolution of dumping import prices from 2020 and the POI:



Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

9. When compared to the UK biodiesel industry sales prices to unrelated parties, the surge in unfair imports occurred at the same time as the Chinese dumped imports undercut sales of the UK biodiesel industry:

Price (in GBP/tonne)	2020	2021	2022	Q1 - Q3 2023
China	1,284	1,267	1,507	1,171

UK biodiesel industry	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]	[SENSITIVE]
Difference	**[200-500]**	**[100-300]**	**[(-100)-0]**	**[(-200)-(-100)]**
%	**-**	**-**	**[(-8)-(-2)]%**	**[(-15)-(-5)]%**

Source: TradeMap and Injury Questionnaire

10. The above-mentioned Chinese biodiesel import price to the UK during the most recent period clearly confirms the strategy of the Chinese exporting producers to severely injure the UK biodiesel industry.

11. The impact of this is exacerbated by inward processing relief, which allows Chinese biodiesel to be imported, blended into gasoil, and then reclassified to avoid any duty being paid on the imported biodiesel.

12. The increased volume of imports, especially since 2022, correlates with the downward trend in the UK biodiesel economic indicators. As seen in Section G.1 above, the domestic sales of the UK biodiesel industry to unrelated parties decreased **[8-20]** % in volume and of **[20-35]** % in value from 2022 to the POI. This recent trend was potentialized by the decrease in prices by **[10-20]** % in the same period.

13. The cost of production increased significantly during the period concerned as a result of an increase in the prices of feedstock. Even though there was a decrease of **[8-15]** % in the cost of production from 2022 to the POI, the decrease in the cost of the product was not sufficient to compensate for the decrease of **[10-20]** % in sales price in the same period.

14. As a result of a decrease in the cost of production, the value of production was reduced by over **[5-15]** % from 2022 to the POI.

15. The profit margins decreased by **[2-8]** percentage points from 2020 to 2021. While it partially recouped in the following period, it was insufficient to make the industry profitable. As a result of the increased unfair Chinese imports, the profitability of the UK biodiesel industry plummeted, reaching its worst performance in the POI.

16. Investments made by the UK biodiesel industry were reduced by almost 50% from 2020 to the POI, and the return on investments deteriorated almost three times from 2020 to the POI, reaching **[(-10)-0]** % in the final period.

17. Finally, the number of employees and their wages also declined in the period concerned. The number of employees in the biodiesel industry reduced by **[10-20]** % during the period concerned and **[5-15]** % from 2022 to the POI. Wages in the industry also reduced by **[2-9]** % during the period concerned, reaching their lowest level during the POI.

18. In sum, Chinese dumped imports have caused material injury to the UK biodiesel industry. Most of the injury indicators of the Applicant have significantly deteriorated during the period considered, such as the value of production, sales, stocks, employment, and investments. Profit margins of the UK biodiesel industry reduced significantly during the period considered from **[0-3]** % in 2020 and reaching its lowest point **[(-10)-(-2)]** % during the investigation period.

2. *Please indicate if the injury to your industry could be attributable in part or in full to any factors other than dumped or subsidised imports, for example:*

- *volume and prices of imports not sold at dumped prices;*
- *contraction in demand or changes in patterns of consumption;*
- *restrictive trade practices of, and competition between, third country and UK producers;*
- *developments in technology; and*
- *export performance and the productivity of the UK industry.*

- *This may be relevant as an industry weakened by other events may be more susceptible to injury from dumped or subsidised goods.*

1. The Applicant has assessed whether other known factors, individually or collectively, are capable of breaking the causal link established between Chinese dumped imports and the injury suffered by the UK industry. Those other known factors are as follows:

- The potential impact of biodiesel imports from other sources;
- The export performance of the UK industry;
- A potential contraction in demand (or changes in the patterns of consumption)

2. For the reasons explained below, the Applicant is convinced that dumped imports of biodiesel from China are the main cause of the injury suffered by the UK biodiesel industry.

Potential impact of biodiesel imports from other sources

3. The volume of imports from other origins reduced by 70% from 2020 to the POI, reaching 319,897 tonnes in the most recent period. While the other imports represented 98% of the total imports into the UK in 2020, they represented 31% during the POI.

Other imports				
	2020	2021	2022	Q1 - Q3 2023
Volume (in tonnes)	1,077,566	666,908	528,979	319,897
Index: 2020=100	100	62	49	30
Share on imports	98%	88%	41%	31%

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

4. The value of the imports from other origins also reduced during the period considered. The value of other imports was reduced by 54% from 2020 to the POI.

Other imports				
	2020	2021	2022	Q1 - Q3 2023
Value (in GBP)	833,553,000	826,382,000	907 471,000	385 772,000
Index: 2020=100	100	99	109	46

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

5. The reduction in the value of the imports was not as significant as the reduction in volume because of an increase in the import price. The increase in import price contributed to a reduction in the imported volume, as those imports became less competitive. From 2020 to 2022, the import price increased 122%. Even with a reduction from 2022 to the POI, the end-to-end comparison indicates an increase of 56% in the import price:

Other imports				
	2020	2021	2022	Q1 - Q3 2023
Price (GBP/tonne)	774	1 239	1 716	1,206
Index: 2020=100	100	160	222	156

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

6. The other imports, considered in the aggregate, show that they are capable of breaking the causal link established between Chinese dumped imports and the injury suffered by the UK industry. The Applicant provides a more granular look at the individual sources of biodiesel in the UK to better explain that these imports are incapable of breaking the causal link between Chinese dumped imports and the injury suffered by the UK industry.

7. The table below shows that the main sources of biodiesel imports into the UK – in addition to China – are the Netherlands, Malaysia, Belgium, and Chinese Taipei:

		2020	2021	2022	Q1 - Q3 2023
Netherlands	**Volume (in tonnes)**	**745,793**	**496,374**	**339,277**	**124,220**
	Index (2020=100)	100	67	45	17
	Market shares	100	96	38	17
	Average price	735	1,319	1,672	1,183
Malaysia	**Volume (in tonnes)**	**1**	**24,197**	**72,463**	**64,227**
	Index (2021=100)	-	100	299	265
	Market shares	100	103	106	106
	Average price	1,000	1,040	1,908	1,115
Belgium	**Volume (in tonnes)**	**213,647**	**51,182**	**11,649**	**34,735**
	Index (2020=100)	100	24	5	16
	Market shares	100	35	5	17

	Average price	912	1,152	2,023	1,134
Taipei, Chinese	**Volume (in tonnes)**	**0**	**0**	**27,074**	**21,020**
	Index (2022=100)	-	-	100	78
	Market shares	100	100	102	102
	Average price	-	-	1,805	1,182

Source: TradeMap, attached as Appendix H-1 (Evolution of Imports - TradeMap)

8. The Netherlands was the main source of imports in 2020, accounting for a share of 68% of total imports. During the POI, such a share was reduced to only 17%. Belgium accounted for a share of 20% of total imports in 2020 and reduced its share to 3% during the POI.

9. Conversely, even though Malaysia and Chinese Taipei increased their share within total imports during the period, their share is still insufficient to break the causal link between Chinese dumped imports and the injury suffered by the UK industry. Both countries reached their maximum share within total imports during the POI, when they represented only 6% and 3%, respectively.

10. In light of the above, imports from other sources cannot have broken the causal link between the injury suffered by the UK biodiesel industry and the Chinese dumped imports.

Export performance of the UK industry

11. As shown in the table below, exports of the UK biodiesel industry increased during the period considered from **[90,000-110,000]** tonnes in 2020 to **[100,000-120,000]** tonnes during the POI, i.e., an increase of **[2-8]** %:

TOTAL EXPORT SALES				
	2020	**2021**	**2022**	**POI (Q4 22 - Q3 23)**
UK industry (in tonnes)	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index: 2020=100	**100**	**[92-98]**	**[85-95]**	**[100-110]**

Source: Injury questionnaire, attached as Appendix G-1.

12. The UK biodiesel exports helped the UK producers maintain their levels of production, reducing the average unitary cost of the biodiesel they produced. Therefore, the UK's biodiesel exports contributed to lessening the negative impact of Chinese imports. The export performance of the UK industry cannot have broken the causal link between the Chinese dumped imports and the injury suffered by the UK industry.

Evolution of UK consumption

13. The evolution of UK consumption during the period considered did not break the causal link between dumped imports from China and the injury suffered by the UK biodiesel industry.

14. As shown in the table below, UK consumption increased by **[20-30]** % over the period considered. The UK biodiesel industry's domestic sales increased **[30-45]** % over the same period:

In tonnes	2020	2021	2022	POI (Q4 22 - Q3 23)
UK industry sales	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index 2020=100	**100**	**[70-90]**	**[130-180]**	**[110-150]**
Total imports	1 095 181	756 316	1 295 835	1 347 245
Index 2020=100	100	69	118	123
UK consumption	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**	**[SENSITIVE]**
Index 2020=100	**100**	**[60-80]**	**[110-135]**	**[110-150]**

Source: Injury questionnaire, attached as Appendix G-1.

15. Because UK consumption increased during the period concerned, the evolution of UK consumption contributed to lessening the impact of unfair Chinese imports and cannot have broken the causal link between the Chinese dumped imports and the injury suffered by the UK industry.

3. *Please provide evidence to support this information.*

Please refer to answers H.1 and H.2 above.

Section I: Declaration

This application is made by, or on behalf of, a UK industry that produces like goods to those that are the subject of this application.

This UK industry has at least 1% market share, taking into account the goods and particular market for those goods.

This application has the support of that UK industry as required in the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019. Specifically, producer support for this application is greater than producer opposition and represents at least 25% of all UK production of the like goods.

The information contained in this application:

- *provides evidence that goods have been or are being dumped and/or evidence that subsidised goods have been or are being imported into the UK (as per schedule 1(g) and 2(g) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019);*
- *provides evidence that the dumped and/or subsidised goods are causing injury to the UK industry (as per schedule 1(i) and 2(i) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019);*
- *is sufficient to initiate an anti-dumping and/or subsidy investigation as per schedule 4 paragraph 9(1)(b) of the Taxation (Cross-border Trade) Act 2018; and*
- *is accurate and complete.*

Name:	**[Sensitive information removed – Personal data]**
Company/Association:	*Renewable Transport Fuel Association*
Position:	*Chief Executive*
Company Registration number (if applicable):	**[Sensitive information removed – Personal data]**
Date:	*26 March 2024*
Signature:	*On behalf of the Renewable Transport Fuel Association* **[Sensitive information removed – Signature of the representative]**

Section J: Checklist

Important

Please ensure that you have completed this application fully and refer to any attached documents using the corresponding appendix reference.

Complete the checklist above, to demonstrate you have covered all of the points, and attach evidence to support your claims and calculations.

Keep a copy of this application for your reference in case any queries arise when we are assessing the application. You will also need to refer to it if we initiate an investigation.

☒ *The details of the UK producers making the application and level of UK industry support for the application*

☒ *The details of all known UK producers/associations of UK producers of like goods*

☒ *The volume and value of the domestic production of the like goods both by producers making the application and all other known UK producers*

☒ *Information that the market share requirement is met*

☒ *A complete description of the imported goods*

☒ *The names of countries/territories of origin and export of the imported goods*

☒ *The details of the exporters or overseas producers of the imported goods*

☒ *The details of the companies or individuals known to be importing the goods*

☒ *Normal values of the goods* ***Dumping applications only***

☒ *Export prices of the goods* ***Dumping applications only***

☐ *Details of subsidy programmes associated with the imported goods* ***Subsidy applications only***

☐ *The amount of countervailable subsidy attributable to the alleged subsidised goods imported into the UK* ***Subsidy applications only***

☒*Changes in import volumes of the goods*

☒*Effects of the imported goods on prices of like goods produced in the UK*

☒*Impact of the imports have caused to the UK industry*