

ARGENT ENERGY PROPOSES TO END PRODUCTION AT ITS BIODIESEL PLANT IN SCOTLAND

25 MARCH 2024

European biodiesel producer, Argent Energy, has entered consultation on plans to end production at its biodiesel plant in Motherwell, Scotland. Despite the excellent team and their considerable efforts, external factors affecting the UK and EU biodiesel market have driven the requirement to make a strategic change. The decision, taken only after lengthy consideration of all other options, will concentrate the business on its other, better situated locations. The company is focusing its efforts on supporting all affected employees.

Argent's Motherwell biodiesel operation is where Argent Energy's story started back in 2005 producing 45,000 tonnes of waste-based biodiesel each year, before later expanding in 2016. Argent's second plant in Ellesmere Port is located on the Manchester Ship Canal and its third is strategically positioned in the Port of Amsterdam. An expansion of the Dutch facility is underway with initial plans to triple capacity.

The consultation for employees at the Motherwell facility is expected to start as soon as possible and Argent will be working closely with all those impacted at this difficult time. The decision to consult on closure of the plant was not easy. However, market conditions that have put severe economic pressures on biodiesel production facilities in the UK over the past 2 years have forced the move to ensure the continued strength and future of the business.

Chief Executive Officer, Louise Calviou said *"This has been the hardest decision for us to make and is one we have not taken lightly. After careful consideration of market conditions and our strategic goals for global decarbonisation efforts, we believe it is a necessary step we need to take. We and our shareholder remain dedicated to our ambitious growth plans, and our mission to displace as much fossil fuel as possible continues."*

The main external conditions that have substantially weakened the environment for European and UK biodiesel production are:

- Unprecedented competition from imported Chinese biodiesel that benefits from state economic support and subsidies.

- Approvals by HMRC for major UK fuel suppliers to utilise Inward Processing relief and avoid the normal 6.5% duty for imported biodiesel. This is also estimated to have led to lost Treasury revenue of around £150 million in 2023.
- The removal of trade defence measures by the UK after Brexit on renewable diesel from the USA, that competes with UK biodiesel. This has resulted in an increase of imports of subsidised US-made product of nearly half a million tonnes.
- Post Brexit the inability for the UK to import category 1 tallow – Argent’s main feedstock – from the EU, due to EU regulations.

These challenges have taken a toll on the sector as a whole and Argent Energy is working with the industry and UK government to solve these structural imbalances and put the sector back on an even footing, preventing further damage to the UK industry. In the meantime, support of its employees is the focus for Argent Energy.

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