



Trade Remedies
Authority

AS0067 Anti-subsidy investigation

Hydrotreated Vegetable Oil (HVO) originating in the United States of America

Note to public file

9 June 2026

Summary

Following the publication of its Notice of Initiation on 17 March 2025, the Trade Remedies Authority (TRA) has been conducting an anti-subsidy investigation into imports of HVO (also known as renewable diesel) originating from the United States of America (USA).

The period of investigation (POI) is the calendar year 2024. The subsidy examined during the POI, namely the Blenders Tax Credit (BTC), ended on 31 December 2024. However, a replacement subsidy programme, the Clean Fuel Producers Credit (CFPC), was established for fuel produced after 31 December 2024.

Interim findings

The TRA published its [Statement of Essential Facts \(SEF\) for this investigation on 28 November 2025](#). This set out an intended final affirmative determination (FAD), recommending that the Secretary of State for Business and Trade impose countervailing measures.

Following comments on the SEF, the TRA published a [note to the public file](#) on 12 March 2026, inviting parties to provide evidence of present subsidisation. Responses are published on our public file.

After reviewing these submissions (which included additional evidence) along with other relevant data which had recently been published, the TRA assessed whether present subsidisation can be established under the replacement subsidy, the CFPC. To do this, the TRA examined (1) whether the CFPC is a countervailable subsidy,

(2) whether it confers a benefit and (3) whether it is sufficiently similar to the BTC. The analysis is set out below.

Conclusions

After considering the data, the TRA has assessed that CFPC is a countervailable subsidy that confers a benefit and is sufficiently similar to the BTC. Present subsidisation to US producers of HVO can therefore be established under the CFPC.

The TRA therefore intends to make a FAD under paragraph 11(2) of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 (the Act).

Where the TRA makes a FAD, it is then required to conduct a forward-looking assessment of whether the application of an anti-subsidy remedy would be in the wider economic interest of the UK. The TRA has re-conducted this assessment following new evidence submitted after the SEF publication; and now considers that applying an anti-subsidy remedy in accordance with its proposed recommendation would not meet the Economic Interest Test (EIT).

Next steps

If you have any comments, please contact the TRA via the Trade Remedies Service or at AS0067@traderemedies.gov.uk by **16 June 2026 at 17:30 hours GMT**.

We may consider submissions made after this date, but we are not obliged to do so if we believe it would cause an unnecessary delay. If we reject information for any reason, we will publish our reasons for rejection in our final determination.

Note on use of data

The TRA has used Argus data when considering the information received and additional evidence obtained. Within this note to the public file, there are instances where Argus Media (Argus) is identified as a source of the data which the TRA has aggregated and republished under licence from Argus. This data has not been prepared specifically for the TRA nor with any knowledge of any of the materials into which the TRA is incorporating it.

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Analysis of the replacement subsidy

Whether the CFPC is a countervailable subsidy

The TRA considered whether the CFPC is a countervailable subsidy, looking at the following tests.

Financial contribution by a foreign authority: As a federal government agency, the Internal Revenue Service (IRS), the operator of the CFPC, constitutes a foreign authority, within the meaning of paragraph 3(4) of Schedule 4 to the Act. The CFPC represents tax revenue foregone, which constitutes a financial contribution under paragraph 3(3)(a) of Schedule 4 to the Act and regulation 20(1)(b) of The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (the Regulations).

Benefit: The tax credits provided by this programme reduce the tax rate paid by an HVO producer, increasing the resources available to it. The TRA has estimated the likely value of CFPC credit claimable for a gallon of HVO and SAF produced between 2025 and 2029 based on data sourced from Argus Media.

Fuel produced	Year				
	2025	2026	2027	2028	2029
HVO	\$0.48	\$0.55	\$0.59	\$0.62	\$0.66
SAF	\$0.90	\$0.53	\$0.57	\$0.60	\$0.64

Source: TRA analysis based on data sourced from Argus (Estimates based on Argus 2025 inflation adjusted values, Argus 2026 non-inflation adjusted values and US biofeedstock mix)

The difference between the tax paid by companies claiming the tax credit and the tax those companies would have paid had they not been claiming the tax credit constitutes the benefit conferred by the programme, in accordance with paragraph 3(3)(a) of Schedule 4 to the Act and regulation 21 of the Regulations.

The US Joint Committee on Taxation projects that the total benefit conferred by the CFPC in tax credits between 2025 and 2029 will be \$33.1 billion¹. The table below breaks down how the \$33.1 billion is split across the subsidy's expected life span, with \$2.1 billion for 2025 increasing to \$5.1 billion in 2026, with \$10.6 billion in its final year:

¹ [Joint Committee on Taxation – Estimates Of Federal Tax Expenditures For Fiscal Years 2025-2029](#)

Function	Corporations					Individuals					Total
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029	2025-29
Credits for alternative technology vehicles:											
Clean vehicle credit [3].....	---	---	---	---	---	3.5	---	---	---	---	3.5
Credit for qualified commercial clean vehicles.....	2.1	1.0	0.6	0.5	0.5	---	---	---	---	---	4.8
Credit for previously owned plug-in electric vehicles [3].....	---	---	---	---	---	0.6	---	---	---	---	0.6
Credit for production of clean hydrogen [3].....	[2]	[2]	0.1	0.1	0.1	[2]	[2]	[2]	[2]	[2]	0.4
Clean fuel production [3].....	2.1	5.1	6.6	8.6	10.6	---	[2]	[2]	[2]	[2]	33.1

Source: US Joint Committee on Taxation

Evidence of actual benefit conferred has been seen by the TRA in public-facing documents as detailed below.

It is understood that some US producers switched their claim for CFPC from HVO to sustainable aviation fuel (SAF), in order to receive the higher maximum benefits, of up to \$1.75 per gallon, in 2025. HVO production uses the same manufacturing processes and equipment as SAF, and it is noted that the claim method benefits all production as it reduces overall corporate tax. Therefore, the TRA has not excluded claims under SAF for CFPC.

Diamond Green Diesel’s (DGD) consolidated financial statements for 2025 that were filed with the U.S. Securities and Exchange Commission stated that: *“During the year ended December 31, 2025, the Company recognized a benefit of \$598.7 million for the value of these [clean fuel production] credits...”*².

DGD also reported that in the prior year (year ending 31 December 2024), it recognised a benefit of \$1.3 billion from the BTC. Both credits were reported against the ‘Low carbon tax credits’ line within the Consolidated Statements of Income.

The comparison shows that the level of benefit conferred to DGD by the tax credits reduced in 2025 but was still significant. Additionally, the benefit conferred by the CFPC would be expected to rise in future years to account for the changes in legislation removing indirect land use change emissions from the carbon intensity calculation and to adjust with inflation. This is supported by the Joint Committee on Taxation’s forecast of CFPCs redeemed from all beneficiaries rising from \$2.1bn in 2025 to \$5.1bn in 2026.

	Year Ended December 31,	
	2025	2024
Revenues (a)	\$ 4,596,830	\$ 5,065,592
Cost of sales:		
Cost of materials and other	4,776,747	5,225,043
Lower of cost or market (LCM) inventory valuation adjustment	(140,085)	175,934
Operating expenses (excluding depreciation, amortization, and accretion expense reflected below) (b)	308,253	352,905
Depreciation, amortization, and accretion expense	266,887	264,992
Low carbon tax credits	(598,695)	(1,281,705)

² [DGD 2025 financial statements](#)

Source: DGD 2025 results – US Securities and Exchange Commission

The financial statement stated that one of DGD’s owners, Valero, opted to receive its share of the tax credits as a noncash distribution, whereas the other owner of DGD, Darling Ingredients, elected to have its share of credits sold and to receive the cash proceeds. Darling Ingredients reported in a press release that it had monetised \$255 million of their tax credits out of the total \$285 million generated during 2025³.

Marathon operates the Martinez Renewables facility in California in a joint venture with Neste. Within Marathon’s financial statements they show that paid \$332 million for transferrable federal tax credits, of which \$221 million paid to Martinez Renewables LLC⁴. This implies that the Martinez Renewables HVO plant earned \$221 million in tax credits in 2025, likely in part from the CFPC. Marathon confirm that the renewable diesel produced at the Martinez plant qualifies for the CFPC.

Another of the cooperating HVO exporters, Phillips 66, report in their 2025 financial accounts to the U.S. Securities and Exchange Commission that: *“Other income increased \$195 million in 2025, primarily due to the recognition of Clean Fuel Production credits beginning in 2025.”*⁵

PBF Energy / SBR noted in its corporate earnings report the 2025 revenue impacts from transitioning from the legacy BTC to the 45Z CFPC⁶.

Calumet Inc. operates an HVO, SAF and renewable naphtha plant in Montana. Within Calumet Inc.’s financial statements submitted to the U.S. Securities and Exchange Commission, it states that: *“the tax credit benefit of the CFPC [was] recorded in income tax expense (benefit).... Our income tax benefit for fiscal year 2025 was \$93.6 million”*⁷.

Seaboard Energy LLC operates large scale biodiesel and renewable fuel facilities and transitioned its model from redeeming the flat \$1 per gallon afforded under the BTC to the CFPC at the start of 2025.

Parties who have joined the programme are reporting that they have successfully claimed a benefit, reporting this in both public facing accounts and statements made to the public. Based on the above evidence the TRA can reasonably conclude that there is verifiable evidence that the CFPC is conferring a financial benefit to

³ [Darling Ingredients Inc. Reports Fourth Quarter and Fiscal Year 2025 Results](#)

⁴ [Marathon Petroleum Corporation Annual SEC filings](#)

⁵ [Phillips 66 Annual SEC filings, pg. 46](#)

⁶ [PBF Energy expects higher credit prices, says it will continue producing RD](#)

⁷ [Calumet Inc. Annual SEC filings, pg. 66](#)

producers of HVO in the USA. Additionally, the US government forecasts that the benefit conferred by the CFPC as a whole will increase substantially throughout its expected lifespan with the total benefit increasing five-fold by 2029.

Specificity: We consider that the legal provisions that set out the requirements for parties to claim under the CFPC provide evidence that it is explicitly specific in nature, in terms of only being available to, and thereby only conferring a benefit on, certain groups of enterprises.

The TRA finds that the CFPC falls within the requirements of regulation 22(4) as:

- the foreign authority (the IRS) establishes objective conditions governing the eligibility for and the amount of subsidy. Such conditions include the calculation of the carbon intensity of the low-carbon transportation fuel and adherence of prevailing wage and apprenticeship requirements.
- the criteria or conditions of claiming the CFPC are clear and verifiable as the IRS has published proposed regulations to govern the subsidy alongside the legislation governing the scheme. The IRS requires data to be retained so it can be verified, therefore the information is verifiable.
- the terms of the subsidy scheme are strictly adhered to as the IRS monitors the claimants through their tax form filings.
- eligibility for the CFPC is not automatic as it requires businesses to register with the IRS as a taxpayer beforehand and produce specific goods, namely low-carbon transportation fuels, such as biodiesel (FAME), renewable diesel (also known as HVO), SAF, ethanol and renewable natural gas, at facilities in the USA.

The TRA therefore determines that the subsidy is specific for the purposes of paragraph 3(2) of Schedule 4 to the Act and regulation 22 of the Regulations.

The TRA concludes that the CFPC is a financial contribution by a foreign authority that confers a benefit and is specific. It is therefore a countervailable subsidy that confers a benefit on HVO producers.

Whether the CFPC is sufficiently similar to the BTC

The TRA has assessed whether the CFPC, which began immediately after the BTC expired following the end of the POI, is sufficiently similar to the BTC. In order to do so, the TRA considered the following:

Design and structure: The BTC was designed to provide support to HVO blenders in the form of a credit to be used against their excise or income tax liability. The BTC programme ended on 31 December 2024.

As described by the US Congressional Research Service⁸: *The CFPC, in effect, consolidates and replaces several fuel-related credits that expired at the end of 2024, including credits for biodiesel, biodiesel mixtures, agri-biodiesel, renewable diesel, second-generation biofuel, mid-level ethanol blends, sustainable aviation fuel, alternative fuels, and alternative fuels mixtures.*

The tax credits replaced and consolidated by the CFPC were the Biodiesel Credit, Biodiesel Mixture Credit (commonly known as the Blenders Tax Credit (BTC)), Alternative Fuel Excise Tax Credit, Alternative Fuel Mixture Excise Tax Credit, Sustainable Aviation Fuel (SAF) Tax Credit, Second Generation Biofuel Producer Tax Credit.

It is the TRA's view that the CFPC was designed to follow the BTC immediately, by being operational the day after the BTC expired, so that the relevant clean fuel producing industries continued to receive government support by the replacement subsidy.

In relation to both the BTC and CFPC, HVO producers needed to be registered as taxpayers with the IRS in order to claim the benefit. The BTC and CFPC are administered by the same granting authority, the IRS, in the form of credits to be redeemed against firms' tax liability. Both the BTC and CFPC could be claimed in the form of a section 38 general business income tax credit, claimed by attaching relevant forms to their annual income tax return. The BTC could also have been claimed as a quarterly excise tax credit, but again against their tax liability due to the IRS. The CFPC cannot be claimed in this way, but parties may sell their tax credit in the open market to a non-associated party to monetise the tax credit, so both programmes provided different routes to monetise the benefit conferred.

The BTC offered a flat benefit of \$1.00 per gallon and did not have to meet prevailing wage and registered apprenticeship (PWA) requirements to achieve the \$1.00 per gallon that parties can obtain under the CFPC's maximum alternative amount.

Under the Inflation Reduction Act of 2022, companies can qualify for increased tax credit or tax reduction amounts if they can meet certain PWA requirements.⁹ These

⁸ [Congressional Research Service - The Section 45Z Clean Fuel Production Credit](#)

⁹ [Federal Register:: Increased Amounts of Credit or Deduction for Satisfying Certain Prevailing Wage and Registered Apprenticeship Requirements](#)

PWA requirements apply to ten clean energy tax incentives, one of which is the CFPC.¹⁰ For the CFPC, facilities can be awarded an alternative amount of benefit. This alternative amount allows an increase of five times the amount the companies would have otherwise received. For the CFPC, this increase would be from a base amount of \$0.20 per gallon to the alternative maximum amount of \$1.00 per gallon, which is then multiplied by the emissions factor.

Section 45Z, which governs the CFPC, outlines an addendum to a facility's requirements to qualify for the increase in tax credit or tax reduction. While it remains the case that a facility may qualify if it meets any of the three requirements outlined above under Section 45(f), Section 45Z clarifies that facilities placed in service before 1 January 2025 are not subject to prevailing wage requirements for the construction of such a facility and that prevailing wage requirements for labour on alteration or repair only apply to any taxable year beginning after 31 December 2024.

US HVO facilities constructed before 1 January 2025 have a capacity of 12,577,591mt per year for SAF and HVO, and an HVO-only capacity of 11,226,693mt.¹¹ This includes the Marathon Martinez biorefinery (2,155,412mt per year capacity), which began full production in the first quarter of 2023.¹² On this basis, 92% of US HVO facilities are not required to meet prevailing wage requirements for construction – likely the most costly labour related-requirement – to obtain the alternative amount at \$1.00 per gallon.

This shows that, at present, a significant majority of HVO facilities can benefit from the alternative amount without having to meet prevailing wage requirements. The TRA also considers that the PWA requirements themselves are not prohibitive requirements for facilities to meet. As a result, it is reasonable to consider that the majority of plants constructed after 1 January 2025 can benefit from the CFPC maximum \$1.00 per gallon, (over the \$0.20 base amount), which is then subject to any carbon adjustment.

At the basic, level the conditions are similar, with both programmes requiring a registration to the IRS, the claim process is identical, and the aims and design are similar. Differences in their structure exist, with conditions of eligibility not being identical between the BTC and CFPC, as the replacement programme has introduced some additional steps on PWA requirements in order to benefit fully from the CFPC. However, as demonstrated above, the majority of the differences relating to the CFPC do not apply to established HVO plants that were in operation during the investigation POI (pre-1 January 2025).

¹⁰ [Prevailing wage and apprenticeship requirements | Internal Revenue Service](#)

¹¹ Argus Direct, [Global SAF and RD \(HVO\) refinery database May 2026.xlsx](#) (internal document)

¹² [Marathon: Martinez biorefinery to reach full production in 2023 | Biodiesel Magazine](#)

The TRA concludes that, while not alike in all respects, the CFPC design and structure are sufficiently similar to the BTC.

Operation: The BTC was available to ‘blenders’ of HVO and diesel fuel that create a qualified biodiesel mixture¹³. Beneficiaries included the three cooperating exporters within the case; Diamond Green Diesel (DGD), Phillips 66 and St. Bernards Renewables. These parties produced HVO and subsequently needed to incur an additional cost of blending this HVO with fossil diesel fuel to be eligible for the BTC.

The CFPC is available to ‘producers’ of low-emission transportation fuels, which includes HVO and SAF. The CFPC is granted on renewable fuels produced and sold after 31 December 2024. Unlike with the BTC there is no blending required to become eligible for the subsidy making it a production targeted scheme. The TRA has seen confidential evidence that all three cooperating exporters have registered to receive the CFPC following their participation in the BTC scheme which ended in December 2024, along with verifiable evidence through public access corporate account filings of the benefit being conferred.

Although the BTC was available to ‘blenders’ and the CFPC is available to ‘producers’, the participants of this investigation, DGD, P66 and SBR, qualified for both, as they are blenders and producers. The TRA is only aware of one blender that did not claim the CFPC having previously claimed the BTC, NESTE, who are an overseas producer of HVO but did not have a US production facility. This means they could not claim the subsidy as they do not produce HVO within the US.

Both the BTC and CFPC are operated by the IRS and utilise the same claim structure and forms in order to perform the operation of claiming the benefit. If the BTC were to be reinstated and the CFPC remained in place, HVO producers would be eligible for both tax credits. The US have put into place a “*DENIAL OF DOUBLE BENEFIT*” clause into place with the aim of preventing parties from benefiting from both subsidy schemes. This highlights that the two subsidies have clear eligibility overlap, such that a double benefit would be common without a clause prohibiting it.

The clause also demonstrates that the CPFC was designed to fulfil an equivalent beneficial role as the BTC. The two subsidies operate in a sufficiently similar way by providing financial support in the form of tax credits to the same companies, e.g. HVO producers, as is evidenced by the supporting legislation surrounding the implementation of the CFPC.

¹³ [Section 40A of the US Code](#)

One difference between the BTC and CFPC is the feedstock restrictions. There were no country-of-origin feedstock restrictions in place for the BTC whereas the CFPC places limits on country of origin for eligible feedstock. This limits eligible feedstock to the US, Mexico and Canada for the calendar years 2026 onwards. Although the CFPC aims to alter the supply chain routes to promote the use of domestic feedstock, this does not restrict the choice of feedstock used, simply its origin. At a base level while this is a difference between the two programmes it is not a fundamental restriction.

In summary, while there are some differences between the BTC and the CFPC on paper, these differences are reduced in a real-world view. The TRA therefore determines that the two programmes are sufficiently similar in their operation.

Level of benefit: The TRA has received confidential data from parties indicating the level of benefit provided under the CFPC. The TRA notes that the level of benefit was fixed under the BTC at \$1 per gallon and was not adjusted for inflation. The CFPC confers an initial maximum of benefit of \$1 per gallon (identical to the BTC) and is subject to an annual increase linked to inflation, which for 2025 was 6%. As a result, the maximum benefit conferred by the CFPC is likely to exceed the BTC in the coming years.

The real-world value of the CFPC is expected to be lower than the BTC, under the model for assessing carbon saving. The maximum benefit of \$1 per gallon reduces in line with an emissions factor calculation that aims to penalise greenhouse gas emissions. Producers will also be expected to meet wage and apprenticeship requirements in order to be eligible for a maximum of benefit of \$1 per gallon.

Ongoing, it is expected with changes in feedstock availability that the volume of high value feedstocks will increase year on year, as well as the adjustments for inflation to increase the CFPC's real-world value.

The US Joint Committee on Taxation projects \$33.1 billion in CFPC tax credits will be claimed between 2025 and 2029¹⁴ across the programme although not limited to just HVO. But it predicts that the value of claims will increase year on year, with 2026 expected to benefit claimants by more than double the 2025 level.

The level of benefit under the BTC and CFPC is demonstrably similar, with the maximum benefit listed as \$1 per gallon for both the BTC and CFPC. The TRA has

¹⁴ [Joint Committee on Taxation – Estimates Of Federal Tax Expenditures For Fiscal Years 2025-2029](#)

had sight of evidence that the CFPC in practice is not providing the full \$1 per gallon benefit for HVO that BTC provided, although the levels of benefit remains significant. The TRA also notes for 2025 \$1.75 per gallon was available as a maximum for SAF, which when adjusted for carbon, Argus data indicates on average \$0.90 per gallon was claimable. The TRA also notes that the CFPC benefit will increase year on year due to inflationary adjustments, which in 2025 were 6%.

The TRA concludes that the BTC and CFPC theoretical maximums are identical, but on a real world level that they are not. The TRA notes that US parties have maximised subsidy benefit in 2025 claiming via a SAF route that benefits in real terms approximately \$0.90 per gallon. The TRA also notes that for HVO the level of subsidisation offered by CFPC is still significant. The TRA concludes that the BTC and CFPC while not offering identical levels of benefit offer significant benefit, and that the two schemes are sufficiently similar in terms of their level of benefit.

The TRA also finds that any real world difference between BTC and CFPC in actual value will narrow over the life of the CFPC with the inflationary adjustments.

Summary: The TRA reviewed available evidence, and while it is noted that there are some differences between the BTC and CFPC, there are also some significant similarities. The elements that set the two programmes apart (as detailed above) include, but are not limited to, the fact that they cover different parts of the biofuels market, the BTC for blenders and the CFPC for producers. While this difference appears significant on paper, in practice it is the same parties claiming the CFPC as the BTC, so this does not constitute a difference that has persuaded the TRA not to consider the two schemes to be sufficiently similar.

The level of the maximum benefit conferred is identical between the subsidy programmes. While it is possible that in practice HVO producers may not achieve the maximum of \$1 per US gallon, parties do continue to receive a significant benefit. It is also noted that this benefit is likely to increase year on year, as the CFPC is inflation linked, which saw its value increase in 2025 by 6%. 2025 also saw US producers switch the emphasis on their subsidy claims to SAF in order to benefit a higher benefit, benefiting the bottom line of those companies that chose this path. The TRA considers that the maximum value of the subsidy programmes on paper are identical, and while there may be a real-world difference in practice, this is reducing year on year, due to the inflationary adjustment made to the CFPC.

The TRA therefore considers that there is sufficient similarity between the CFPC and the BTC in terms of their design and structure, operation and level of benefit.

Economic Interest Test (EIT)

This section sets out the TRA's updated position on the EIT, taking into account the additional evidence received, and analysis undertaken, since the SEF.

Updated EIT assessment

Following receipt of additional evidence submitted after the SEF and further analysis undertaken by the TRA, the EIT assessment has been updated.

The EIT was previously found to be met at the SEF stage. The TRA identified significant negative impacts associated with a countervailing measure, particularly for downstream users and high-blend consumers, but concluded that these impacts were not disproportionate to the benefits of removing the injury to UK producers from the identified subsidised imports. According to schedule 4, paragraph 25(3) of the Taxation (Cross-border Trade) Act 2018 the EIT is presumed to be met unless the TRA or the Secretary of State is satisfied that the application of the remedy is not in the economic interest of the United Kingdom.

After considering the additional evidence and following further analysis (detailed below), the TRA has subsequently concluded that the overall impacts of a measure are likely to be more significant than previously expected, and the benefits associated with removing injury have reduced. On this basis, the TRA's updated assessment is that the EIT is not met in accordance with paragraph 25(2) of Schedule 4 to the Taxation (Cross-border Trade) Act 2018.

Changes to injury and modelled impacts, due to price movements

Since the SEF was published, evidence submitted by interested parties and additional analysis by the TRA indicate that the price of HVO has increased significantly post-POI and diverged from that of FAME. Figures taken from Argus media for Biodiesel FAME 0C CFPP Red ARA and HVO fob ARA (Class I and II) support this assertion.

The TRA does not consider this price divergence to be temporary and assesses that it is driven by higher demand for biofuels and feedstocks due to globally increasing decarbonisation policy mandates, with greater pressure on HVO given its properties at higher-blends and potential use as a 'drop-in' alternative fuel. Increasing mandates include EU RED III which is expected to lead to a 60% rise in demand for biofuels by 2030; and a future supply deficit within the EU of 10m tonnes¹⁵.

¹⁵ [European Biofuels Market Long-term Forecast | Argus Media](#)

UK producers only supply FAME to the market, not HVO, and so the primary transmission mechanism of injury within the case was the interchangeability of FAME with HVO. Given the change in price, the TRA considers that substitution between the two products is likely to have reduced. An indication of this reduced competition can be found in RTFO figures, which indicate a declining share of HVO relative to FAME in the UK biodiesel market. In the final six-months of 2024, FAME represented on average 52% of consumption. In the final six-months of 2025, this had risen to 61%¹⁶.

In addition, following the new information received, the TRA revised price assumptions used within the economic modelling. Instead of using a price for third country HVO, obtained from HMRC 10-digit data, within the model that gave a figure roughly 6% below that of third country FAME, we instead created a combined weighted average biodiesel third country price. The TRA did this because of significant underlying uncertainty around price data for third countries. The TRA believes this approach means our price assumptions are more consistent across scenarios and more in line with our understanding of market prices, whilst also being less reliant on uncertain data. Updated analysis using these revised assumptions indicates higher estimated costs to UK downstream groups, across most scenarios, while the benefits to UK producers of the measure have fallen.

Changes to market and competition impacts

At the SEF stage, the TRA assessed the degree to which users could switch between HVO and FAME. The TRA previously considered that a large majority of users would be able to switch between biofuels, biodiesel types, or HVO suppliers.

Since the SEF was published, additional evidence indicates increased uncertainty regarding the size of the high-blend market and the extent to which substitution is possible for consumers of the highest blends. The TRA expect high-blend consumers to have a stronger preference for HVO, given the differing properties of the two fuels at higher blends. New data presented post-SEF from Zemo, within the Crown Oil and the Sustainable Business Consortium's submissions, suggested up to 66% of HVO within the UK was used in higher blends; we had previously estimated roughly half of this figure for all biodiesel (HVO & FAME).

The TRA therefore conducted further analysis of potential non-US sources of HVO supply. These represent the alternative sources of supply available to UK consumers post-measure. The TRA found evidence that HVO production is relatively

¹⁶ [Renewable Transport Fuel Obligation \(RTFO\) statistics - GOV.UK](#)

concentrated globally, with a small number of producers and countries or blocks accounting for a significant share of supply. The TRA understands that the US represents over two thirds of international HVO supply; and a single EU headquartered company almost one fifth¹⁷. Given the UK does not produce HVO, the TRA considers that a measure may lead to market and competition outcomes with significant negative impacts on downstream groups who cannot switch to FAME.

Changes to expected environmental impacts

At the SEF stage, the TRA considered environmental impacts, specifically greenhouse-gas (GHG) emissions, and concluded that the impacts of a measure were unlikely to be significant. This is because the RTFO, which places a legal obligation on fuel suppliers to ensure a proportion of the fuel they supply is renewable, would ensure overall supply of biofuels would remain relatively constant. Whilst there are some differences in the GHG emissions of different types of biofuels, the TRA did not believe these differences to be significant.

Since the SEF was published, the TRA received evidence to suggest that nitrogen dioxide (NOx) emissions were higher for HVO than FAME and mineral diesel. The TRA sought to conduct additional analysis to estimate the impact of these additional emissions to the UK. We expect these to be negative, however not significant to our EIT conclusions.

Conclusion and next steps

In the SEF, the TRA previously identified that a countervailing measure would give rise to negative impacts but that these impacts were not disproportionate to the benefits of removing injury to UK producers from the identified subsidised goods.

As outlined above, new evidence and updated analysis suggest that the negative impacts of a measure are likely to be disproportionate to the benefits associated with removing injury. The TRA therefore intends to conclude in the FAD that the application of the measure is not in the economic interests of the UK, and that the EIT is not met.

¹⁷ [251118 GBSR.pdf](#)