

AD0058 - BIODIESEL FROM CHINA

Valero Energy Ltd

Comments on the Statement of Essential Facts

EXECUTIVE SUMMARY

Valero Energy Ltd (“**Valero**”) respectfully submits its comments on the Statement of Essential Facts (the “**SEF**”) published by the Trade Remedies Authority (the “**TRA**”) on 22 August 2025 in case AD0058 – Biodiesel from China. Valero’s submission focuses on the assessment of the product scope and the treatment of Hydrotreated Vegetable Oil (“**HVO**”) and Fatty Acid Methyl Ester (“**FAME**”) as distinct commodities.

1. The SEF fails to take into account the differences between HVO and FAME, despite the TRA’s prior determinations in cases TD0004 and TS0005 that these are distinct products requiring separate assessments.
2. The SEF does not distinguish import data between HVO and FAME and the volume of HVO imports was not sufficiently considered in the determination.
3. The SEF misrepresents the technical, chemical, and market differences between HVO and FAME.

Valero urges the TRA to maintain consistency with its prior practice by conducting separate assessments of HVO and FAME to ensure a fair and accurate determination.

1. INTRODUCTION

On 5 June 2024, the TRA initiated an investigation into the alleged dumping of biodiesel imported into the UK from China.¹ On 22 August 2025, the TRA published the SEF in case AD0058, concluding that exporters from China have dumped FAME and HVO in the UK, causing injury to the UK FAME industry.² Interested parties were invited to comment on the SEF until 22 September 2025.³

In its submission of 4 March 2025, Valero emphasized the importance of appropriately distinguishing HVO and FAME. In previous investigations covering HVO and FAME (TD0004 and TS0005), the TRA determined that HVO and FAME are distinct products due to their differing production processes, technical and chemical characteristics, and market dynamics, which required a separate analysis of HVO and FAME:

“Nevertheless, we considered it appropriate to conduct separate analysis of FAME and HVO in this report as research, questionnaire replies, and information from verification confirmed that these products are traded as distinct commodities in the biofuels market.”⁴

However, the SEF in case AD0058 departs from this practice by treating HVO and FAME as comparable products without conducting separate assessments, despite their differences.

¹ Notice of Initiation (5 June 2024), AD0058 – Biodiesel from China.

² The Statement of Essential Facts (22 August 2025), AD0058 – Biodiesel from China.

³ The Statement of Essential Facts (22 August 2025), AD0058 – Biodiesel from China, para. 6.

⁴ Recommendation to the Secretary of State (10 November 2023), TD0004 – Biodiesel from United States and Canada, para. 187. See also: Recommendation to the Secretary of State (10 November 2022), TS0005 – Biodiesel from United States and Canada, para. 186.

2. SEPARATE ASSESSMENTS OF HVO AND FAME

In cases TD0004 and TS0005, the TRA determined that HVO and FAME are distinct products due to their differing production processes, quality, and technical and chemical characteristics. The TRA concluded that separate assessments of HVO and FAME were necessary because these products are traded as distinct commodities.

There have been no material changes in the characteristics of HVO and FAME since the TRA's determination in TD0004 and TS0005 that would justify a departure from the TRA's prior practice. Maintaining the distinction between HVO and FAME is essential to ensure consistency, accuracy, and fairness in the TRA's decision-making.

However, the SEF does not follow the approach taken in the TD0004 and TS0005 cases and does not adequately address the need for separate assessments of HVO and FAME, as previously determined by the TRA. Instead, it treats HVO and FAME as a like product, failing to distinguish between the two into the injurious dumping and economic interests assessments.

This departure from the TRA's prior practice creates unexplained inconsistencies in the TRA's investigations and undermines the accuracy of the SEF's findings. Valero respectfully requests that the TRA conduct separate assessments of HVO and FAME.

3. LACK OF HVO IMPORT DATA

Without separate assessments of HVO and FAME, it is unclear whether the TRA analysis and findings refer to HVO, FAME, or both. This lack of clarity undermines the reliability of the SEF's conclusions.

The SEF does not provide sufficient information on whether HVO imports from China were analysed in the determination. This lack of clarity precludes a determination that the imposition of duties on HVO imports is justified.

The SEF indicates that the data used, particularly concerning HVO, may be distorted. As the TRA was unable to separate the diesel component present in the imports under commodity codes 2710 (which cover HVO), it conducted an analysis using goods under commodity code 3826 ("pure biodiesel", i.e., FAME), in addition to the analysis using all the commodity codes.⁵

The SEF appears to base the injury findings predominantly on FAME import data. As HVO and FAME are separate products, an assessment of FAME imports without appropriately accounting for the quantity of HVO imports cannot be used to determine that HVO imports caused injury to the domestic FAME industry. In view of the above, Valero respectfully requests that the TRA carries out a separate assessment of HVO import data.

4. PRODUCT LIKENESS

The SEF acknowledges the different production processes of HVO and FAME, but does not adequately address their technical, chemical, physical, and market differences:

⁵ The Statement of Essential Facts (22 August 2025), AD0058 – Biodiesel from China, para. 426: "426. As set out under Section G1 Injury Analysis the TRA is unable to separate the diesel component present in some of the commodity codes for the goods concerned, and it is likely that this has inflated the import volumes (the driver of PRC imports under commodity codes 2710 includes a minimum of 70% mineral diesel). This raw data may therefore give a distorted view of the market. To account for this, the TRA conducted the analysis using goods under commodity code 3826 (pure biodiesel) (see Table 8) in addition to analysis using all the commodity codes (see Table 7)."

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

116. *Hydrotreated Vegetable Oil (HVO) – paraffinic gasoil in the goods description – is considered a like good in all respects for the purposes of this investigation. HVO is produced via hydrocracking or hydrogenation of fatty acids. Both processes treat molecules using hydrogen to produce renewable diesel fuel. Biodiesel is not, at present, produced via the hydrotreatment of vegetable oil in the UK.⁶*

The TRA's determination that HVO "is considered a like good in all respects for the purposes of this investigation", having compared only the production processes but not the resulting chemical, physical and commercial and functional differences between HVO and FAME, is fundamentally incomplete. Valero urges the TRA to revise its assessment to include these considerations.

We thank the TRA for its consideration of these comments and remain available to provide further information or clarification as needed.

⁶ The Statement of Essential Facts (22 August 2025), AD0058 – Biodiesel from China, paras. 115-116.