

Government accepts recommendations on import measures for Biodiesel and Wire Rod

The government has today [10 November 2022] agreed with the Trade Remedies Authority's recommendation on anti-dumping and countervailing measures on imports of Biodiesel from the USA and Canada. It has also accepted the recommendation on anti-dumping measures on imports of Wire Rod from China.

Biodiesel

After reviewing the measures on biodiesel imports, which were transitioned from the European Union system when the UK left the EU, the TRA recommended that existing tariffs on imports of fatty-acid mono-alkyl esters (FAME) Biodiesel be kept at their current levels for five years from 30 January 2021, but that tariffs on imports of hydrotreated vegetable oils (HVO) Biodiesel be [removed](#). The UK has an established FAME production industry but no domestic HVO production. This means that the UK's FAME production industry will continue to be protected from dumped and subsidised Biodiesel which is exported from the USA (and in some cases consigned from Canada), but that HVO from these countries can be imported, which will benefit the UK's agricultural and transport industries as well as users of oil-fired heating.

Green fuels offer alternative to diesel

FAME and HVO are created using a wide variety of oils and animal fats, including used cooking oils, animal fats/tallow, soya oil, rapeseed oil and sunflower oil. FAME is produced through esterification while HVO, also known as renewable Biodiesel, is made by hydrotreating used vegetable oils. Both types of Biodiesel are added to diesel to produce a blended road fuel which is sold at petrol stations. HVO performs better in this use and is also suitable for a range of other uses.

The TRA's investigations found that Government-subsidised producers in the US would be likely to dump FAME Biodiesel in the UK in the future and cause harm to UK industry if the measures no longer applied. Although the TRA found that dumping of HVO would also be likely to occur if the duty were no longer applied, there would be no injury to domestic manufacturers/businesses as there is no HVO industry in the UK. In addition, HVO is more expensive than FAME so the imports are unlikely to compete with domestically produced FAME. The TRA also established that there is demand for HVO in the UK for use in heating buildings as it offers a cost-effective and more environmentally friendly alternative to existing heating fuels.

Wire Rod

Wire Rod in the UK is predominantly used in construction, tyre reinforcement and steel springs in vehicles. The UK market for Wire Rod is estimated to be

worth more than £740 million per year.

Historically, the UK was an attractive market for Chinese exporters of Wire Rod before the existing measure was imposed. Since the measure was imposed by the European Union in 2008, the volume of imports dropped significantly. The TRA's investigation found evidence of high production and significant inventories of Wire Rod in China suggesting that dumping would be likely to occur again if the measures were removed.

The TRA recommended that the measures on Wire Rod be maintained [at their current levels](#) until 30 January 2026 – that is five years subsequent to the date when the measure would have expired (30 January 2021) had no transition review been initiated.

Background information

About the TRA

- The Trade Remedies Authority is the UK body that investigates whether trade remedies measures are needed on imports. Trade remedy investigations were carried out by the EU Commission on the UK's behalf until the UK left the EU.
- Anti-dumping measures counter goods being 'dumped' into countries at prices below their normal price in their country of origin and are one of the three types of trade remedies – along with countervailing measures against countervailable subsidies and safeguard measures– that are allowed under World Trade Organization (WTO) rules.
- Forty-four EU trade remedies measures that were of interest to UK producers were carried across into UK law when the UK left the EU and the TRA is reviewing each one to check if it is suitable for UK needs. The biodiesel measure is the latest to be completed.

About the products

- HVO and FAME Biodiesel have different production processes: HVO Biodiesel is produced through hydrotreatment (which uses hydrogen as the catalyst to remove oxygen from the vegetable oils), whereas traditional FAME Biodiesel is produced through esterification (the reaction of an alcohol with acid). FAME Biodiesel production requires other reagents such as methanol and produces glycerol as a by-product. FAME is seen as a transitional alternative to fossil fuels as, while it does offer some environmental benefits, it is not without its drawbacks. Some of the problems of high fame content include: Relatively short shelf life, water contamination due to higher water content, encourages diesel bug growth, increased chance of injector fouling, higher fuel consumption rate due to the fuel being less powerful, gradual degradation of fuel due to oxidation and hydrolysis, which can damage machinery.
- HVO Biodiesel is considered a type of "drop-in fuel" which, theoretically, can be used in its pure form in diesel-powered vehicles/machinery without any modification to engines.
- Wire Rod includes bars and rods, hot-rolled, in irregularly wound coils of iron, non-alloy steel or alloy steel other than of stainless-steel.