# UK bioethanol industry faces crisis amid surge in US imports under new trade deal



Pressure is mounting on the UK government to reconsider its recent trade agreement with the United States, which allows US bioethanol to flood the UK market, with potentially devastating consequences for domestic industries reliant on carbon dioxide (CO2) gas. This unanticipated consequence stems from the agreement's provision permitting the import of up to 1.4 billion litres of US bioethanol under a new zero-tariff quota. Senior figures in the food sector have expressed serious concerns that this could replicate the gas supply crises experienced in 2021 and 2018, jeopardising essential operations across the agricultural and food processing industries.

In the context of this agreement, leading UK manufacturers of bioethanol, such as Vivergo and Ensus, have highlighted that the new import quota matches the combined annual output of UK bioethanol production. Vivergo, which operates the Hull bioethanol plant—a facility that not only produces fuel but also produces animal feed—warns that the operational viability of such plants is now under severe threat. George Weston, CEO of Associated British Foods, which owns Vivergo, maintained that the competition from heavily subsidised US imports could significantly undermine their business model, putting around 150 jobs at risk in Hull alone.

The implications extend beyond just bioethanol production. The UK’s agricultural sector, which relies heavily on the processing of domestic wheat into bioethanol, may face detrimental outcomes as well. The two million tonnes of wheat that local farmers supply each year as feedstock could see a drastic reduction in demand. Farmers have already raised alarms, stating that many will be forced to sell wheat for lower prices on the export market, particularly as they face rising costs for imported animal feed.

The urgency of the situation is underscored by comments from Tom Bradshaw, president of the National Farmers' Union, who described the government's approach as “scandalous” and highlighted a lack of foresight regarding the impact on the CO2 supply chain. CO2 plays a critical role across the food and beverage sectors; it is essential not only for the carbonation of drinks but also for the slaughter of livestock and for packaging that extends the shelf life of food products. Echoing these concerns, Nick Allen, CEO of the British Meat Processors Association, noted that neglecting CO2 supply on the National Risk Register is a troubling oversight, given how pivotal it is to food safety and production.

Some industry insiders suggest that the agreement, negotiated hastily, may have missed broader implications for food security. Both Vivergo and Ensus emphasised that without domestic CO2 production, not only does the food sector risk collapsing, but so too do essential services provided to sectors like healthcare and energy, where CO2 is vital for cooling in nuclear facilities.

While the UK government has claimed they are monitoring the situation and can intervene if necessary, forcing producers to manage against hefty influxes of cheap US ethanol raises pressing questions about support for the domestic industry. A spokesperson indicated that currently, there is no shortage of CO2, a claim met with skepticism by those holding stakes in the bioethanol sector.

The wider context of this trade deal is also concerning. As part of negotiations, the UK has made concessions, including this tariff exemption for US bioethanol in exchange for US reductions on tariffs related to steel and aluminium. Such moves, while touted as opportunities for growth, may lead to long-term harm to UK bioethanol production, further exacerbating the challenges local agricultural sectors face in a competitive global market.

The implications of this deal reach beyond immediate economic figures, triggering fears about food safety, supply security, and the long-term viability of the UK’s biofuel sector. What remains to be seen is whether the government will take the necessary steps to safeguard its domestic industry against what many see as unfair competition motivated by political agendas rather than equitable trade practices.

### Reference Map

1. Paragraph 1: [[1]](https://www.thegrocer.co.uk/news/calls-for-urgent-government-action-as-us-trade-deal-driven-co2-gas-crisis-looms/704475.article)
2. Paragraph 2: [[1]](https://www.thegrocer.co.uk/news/calls-for-urgent-government-action-as-us-trade-deal-driven-co2-gas-crisis-looms/704475.article), [[2]](https://www.reuters.com/business/energy/future-ab-foods-bioethanol-plant-imperilled-by-us-uk-trade-deal-2025-05-09/)
3. Paragraph 3: [[1]](https://www.thegrocer.co.uk/news/calls-for-urgent-government-action-as-us-trade-deal-driven-co2-gas-crisis-looms/704475.article)
4. Paragraph 4: [[1]](https://www.thegrocer.co.uk/news/calls-for-urgent-government-action-as-us-trade-deal-driven-co2-gas-crisis-looms/704475.article), [[2]](https://www.reuters.com/business/energy/future-ab-foods-bioethanol-plant-imperilled-by-us-uk-trade-deal-2025-05-09/)
5. Paragraph 5: [[1]](https://www.thegrocer.co.uk/news/calls-for-urgent-government-action-as-us-trade-deal-driven-co2-gas-crisis-looms/704475.article), [[2]](https://www.reuters.com/business/energy/future-ab-foods-bioethanol-plant-imperilled-by-us-uk-trade-deal-2025-05-09/)
6. Paragraph 6: [[1]](https://www.thegrocer.co.uk/news/calls-for-urgent-government-action-as-us-trade-deal-driven-co2-gas-crisis-looms/704475.article), [[3]](https://www.ft.com/content/61122669-3a01-419a-b32f-e9babb722cf9)
7. Paragraph 7: [[1]](https://www.thegrocer.co.uk/news/calls-for-urgent-government-action-as-us-trade-deal-driven-co2-gas-crisis-looms/704475.article), [[2]](https://www.reuters.com/business/energy/future-ab-foods-bioethanol-plant-imperilled-by-us-uk-trade-deal-2025-05-09/)
8. Paragraph 8: [[2]](https://www.reuters.com/business/energy/future-ab-foods-bioethanol-plant-imperilled-by-us-uk-trade-deal-2025-05-09/), [[4]](https://committees.parliament.uk/writtenevidence/79811/html/)
9. Paragraph 9: [[2]](https://www.reuters.com/business/energy/future-ab-foods-bioethanol-plant-imperilled-by-us-uk-trade-deal-2025-05-09/), [[3]](https://www.ft.com/content/61122669-3a01-419a-b32f-e9babb722cf9)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

* <https://www.thegrocer.co.uk/news/calls-for-urgent-government-action-as-us-trade-deal-driven-co2-gas-crisis-looms/704475.article> - Please view link - unable to able to access data
* <https://www.reuters.com/business/energy/future-ab-foods-bioethanol-plant-imperilled-by-us-uk-trade-deal-2025-05-09/> - The article discusses how the recent US-UK trade deal, which eliminates UK tariffs on US ethanol imports, threatens the viability of Associated British Foods' (ABF) bioethanol plant in Hull. The deal introduces a 1.4 billion-litre quota for tariff-free US ethanol, significantly surpassing previous export levels. ABF CEO George Weston cited unfair competition from subsidized US imports and existing UK regulations as challenges undermining the commercial viability of the Hull-based Vivergo plant. The plant, which produces bioethanol fuel and animal feed, employs around 150 people whose jobs are now at risk. ABF is urging the UK government to revise import regulations to support domestic producers. Industry bodies like the National Farmers' Union and the Renewable Energy Association cautioned that the deal could harm local arable farming and enable underpriced US imports backed by tax credits. The move follows the closure of INEOS’s Grangemouth ethanol plant earlier this year amid similar import pressures. Britain made the ethanol concession in exchange for US tariff relief on steel, aluminium, and cars. While the government claims the deal will protect manufacturing jobs, ABF warns of increased anxiety among employees and stakeholders in the UK bioethanol sector. ([reuters.com](https://www.reuters.com/business/energy/future-ab-foods-bioethanol-plant-imperilled-by-us-uk-trade-deal-2025-05-09/?utm_source=openai))
* <https://www.ft.com/content/61122669-3a01-419a-b32f-e9babb722cf9> - The article examines the recent US-UK trade agreement under President Donald Trump, highlighting its largely undefined and non-binding nature, raising significant concerns across multiple sectors. The five-page outline, negotiated in six weeks, offers limited details, primarily highlighting a tariff-free beef quota and the removal of a 19% UK tariff on US bioethanol. The pact prompts ambiguity about its scope, particularly in bioethanol use and standards recognition, which could affect UK farmers and biofuel producers. The lack of clarity extends to pharmaceutical tariffs, steel and aluminium quotas, supply chain security, and aerospace trade terms—critical to sectors with deeply interconnected supply routes. Industry representatives from sectors including agriculture, pharmaceuticals, steel, and aerospace warn of market uncertainty and potential disruption as they await concrete details. Specifically, UK Steel and aerospace firms expressed concerns about undefined conditions and tariff coverage on component parts. Moreover, trade and standards experts caution that this vague agreement risks divergence from established EU norms, potentially complicating the UK’s future EU relations. Overall, despite claims of economic opportunity, the deal is seen predominantly as a political gesture requiring extensive follow-up negotiations to ensure sector-specific clarity and safeguard UK industry competitiveness. ([ft.com](https://www.ft.com/content/61122669-3a01-419a-b32f-e9babb722cf9?utm_source=openai))
* <https://committees.parliament.uk/writtenevidence/79811/html/> - The document presents evidence on UK-US trade relations, emphasizing the need for fair trade practices that do not disadvantage British companies. It highlights the US bioethanol industry's significant subsidies and the use of genetically modified agricultural produce, which enable the production of low-cost bioethanol. The evidence warns that such imports could harm UK bioethanol producers who lack similar subsidies and face environmental restrictions. It also mentions previous instances where the EU imposed anti-dumping duties on cheaper US bioethanol entering the European market. The document requests that future trade deals mirror these anti-dumping regulations to protect the UK industry. Additionally, it raises concerns about the Comprehensive Economic Trade Agreement (CETA) between the EU and Canada potentially allowing US bioethanol to enter the UK market through Canada, further impacting domestic producers. ([committees.parliament.uk](https://committees.parliament.uk/writtenevidence/79811/html/?utm_source=openai))
* <https://www.spglobal.com/commodity-insights/en/news-research/latest-news/agriculture/010523-european-ethanol-market-to-face-high-energy-costs-feedstock-challenges-in-2023> - The article discusses the challenges facing the European ethanol market in 2023, including high energy costs and feedstock procurement issues. Producers are concerned about negative margins due to rising energy prices and reduced demand. The Russia-Ukraine conflict has further complicated feedstock procurement, particularly for grains from the Black Sea region. The article also notes that European fuel ethanol production is projected to rise by just 2% in 2023, indicating a cautious outlook for the industry. ([spglobal.com](https://www.spglobal.com/commodity-insights/en/news-research/latest-news/agriculture/010523-european-ethanol-market-to-face-high-energy-costs-feedstock-challenges-in-2023?utm_source=openai))
* <https://www.icis.com/subscriber/icb/2023/02/10/10853335/europe-biofuels-competitiveness-at-risk-on-new-eu-us-climate-legislations/> - The article highlights concerns about the competitiveness of European biofuels in light of new EU and US climate legislations. The ReFuelEU Aviation initiative outlines a roadmap for sustainable aviation fuel (SAF) blending rates, but without adequate support, European producers may struggle with expanding supply and competing with US and South American imports. The article also notes that European bioethanol producers faced negative margins in 2022 due to geopolitical developments and rising natural gas prices, leading to increased imports from the US. ([icis.com](https://www.icis.com/subscriber/icb/2023/02/10/10853335/europe-biofuels-competitiveness-at-risk-on-new-eu-us-climate-legislations/?utm_source=openai))
* <https://www.gov.uk/government/news/tra-to-investigate-hvo-biodiesel-imports-from-the-usa> - The UK Trade Remedies Authority (TRA) has initiated an anti-dumping and countervailing investigation into imports of Hydrotreated Vegetable Oil (HVO) biodiesel from the United States. The investigations aim to determine whether these imports are sold at unfairly low prices or are subsidized, potentially harming the UK industry. The period of investigation covers April 2023 to March 2024, and businesses that may be affected are invited to contribute to the review process. ([gov.uk](https://www.gov.uk/government/news/tra-to-investigate-hvo-biodiesel-imports-from-the-usa?utm_source=openai))