

EBB

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PRESS RELEASE

European Commission initiates probe into US biodiesel circumvention

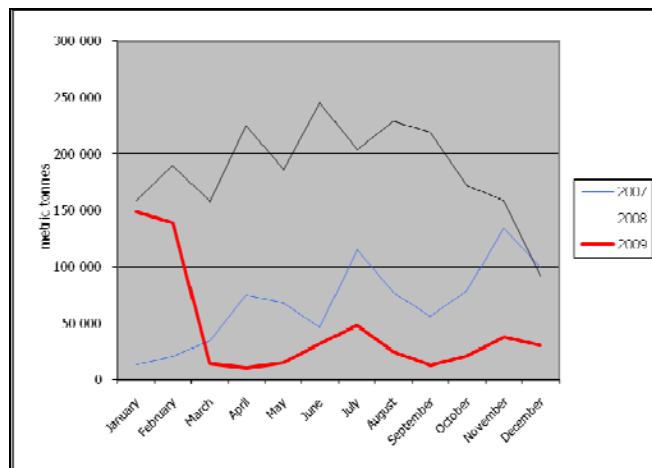
The European Commission initiated today an anti-circumvention investigation concerning US biodiesel exports to the EU, following a complaint lodged by the European Biodiesel Board in June.

Since early 2007, the profitability of EU biodiesel producers had been severely affected by heavily subsidized and dumped biodiesel from the US (known as "B99"). In March 2009, following an EBB legal action, EU trade authorities imposed extensive anti-dumping and countervailing measures on imports of US biodiesel. These measures are in place for five years.

The EU duties positively contributed to reestablishing more favorable market conditions for EU biodiesel producers. Nevertheless, the EU biodiesel industry is still being injured by cheap biodiesel imports from the US that are circumventing the anti-dumping and countervailing measures in place.

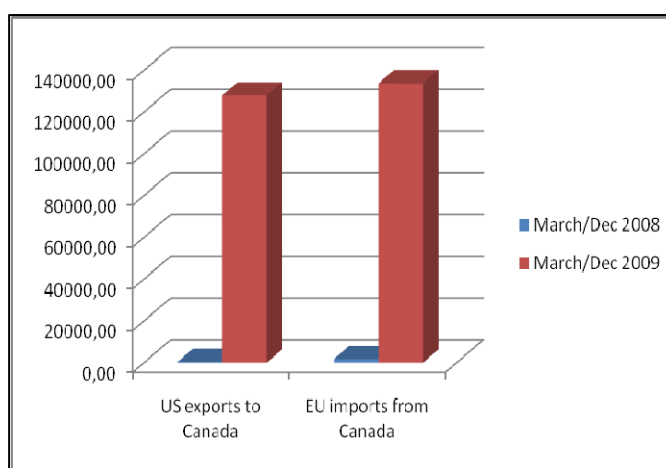
Soon after March 2009, new patterns in the transatlantic biodiesel trade emerged, with US biodiesel being increasingly exported to the EU via third countries, in particular Canada and Singapore, in order to fraudulently conceal its US origin. In parallel, important volumes of US biodiesel are still being exported directly to the EU in the form of blends not covered by the EU duties (typically B19). These practices do not reflect normal commercial practice but are a mere attempt to evade the anti-dumping and countervailing duties.

Graph 1: US biodiesel exports to EU-27



Source: USDA/GATS

Graph 2: Triangular trade US/Canada/EU-27



Source: USDA/GATS and EUROSTAT

Against this background, EBB sees today's decision by the European Commission as a crucial move to ensure that the remedial effect of the EU duties on US B99 is maintained over time.

Over the past months, EBB has been providing evidences to Commission DG TRADE and the European Anti-Fraud Office (OLAF) in order to put an end to these unacceptable trade practices which may represent more than Euros 100 million of unpaid import duties.

In March, Italian customs authorities seized a large quantity of biodiesel in the port of Venice out of an import of 10 000 tonnes of biodiesel destined to the ports of Venice and Trieste. The product was declared as of Canadian

origin, but its extremely low price signaled its likely US origin. The product was namely offered with a \$150-180/ton discount compared to EU biodiesel of comparable quality, and at a lower price than soybean oil and rapeseed oil. Material evidences converge to indicate that the biodiesel load seized in Venice is part of wider trans-shipment traffic aimed at evading existing EU antidumping and anti-subsidy measures on US biodiesel.

The Commission anti-circumvention action initiated today is being backed-up by a parallel investigation of the EU Anti-Fraud Office (OLAF). In case of established fraudulent practices, unpaid duties can be collected by EU authorities up to three years back and heavy financial penalties would be imposed.

Over the past years, the European biodiesel industry has committed substantial efforts and resources to put an end to the unfair US "B99" trade. The measures adopted last year by the European Commission have been a decisive step in this direction. Far from being a protectionist move, this decision was motivated by the legitimate right of any industry to operate in a level playing field.

"EBB is strongly committed to ensure that the EU duties are not undermined by unfair and artificial trade practices. We are urging EU authorities to extend the scope of the established trade measures in order to remove the injury caused to European biodiesel producers by circumvented US biodiesel" said EBB Secretary General Raffaello Garofalo.

Background:

Since late 2006, the European market had been severely affected by imports of highly subsidized and dumped biodiesel from the United States of America. US biodiesel "B99" blends have been sold in the European market as "pure biodiesel" and at a substantial discount (over €120-180/tonne), in some cases at a lower price than the raw materials purchased by the EU industry for producing biodiesel. This has created a price-setting competition, progressively disrupting the margins of European biodiesel producers.

In March 2009, following a complaint lodged by the European Biodiesel Board (EBB) and an investigation conducted by the European Commission services, robust anti-dumping and countervailing duties were imposed on imports of biodiesel from the US. Despite the undeniable positive effects of the EU duties, circumvention practices have started emerging soon after March 2009.