

EBB

European Biodiesel Board

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PRESS RELEASE

Surge in B99 exports towards Europe – EBB asks for systematic registration of biodiesel imports

Last June 13th, the European biodiesel industry welcomed the European Commission decision to initiate a legal action into US subsidised biodiesel, following the anti-subsidy and anti-dumping complaints lodged by EBB. The industry now hopes for the rapid conclusion of the proceedings with the final imposition of dumping and countervailing duties against this **unfair trade practice critically affecting the profitability of the EU biodiesel industry.**

Since January this year, the trend is that of a **surge of B99 exports towards Europe, reaching already for the first seven months of 2008 850 000 tonnes of B99 exports.** This represents already **more than 80% of the volumes imported for the whole year 2007** (1,05 Million tonnes).

In view of this dramatic situation, **EBB is today addressing to the European Commission a request for registration of all biodiesel imports,** pursuant to article 24§5 of the basic EU anti-subsidy Regulation and article 14§5 of the basic EU anti-dumping Regulation.

There is indeed an **urgent need to put a halt to the flooding of the EU market by heavily subsidized and dumped biodiesel, if we want to secure the short-term viability of the EU biodiesel industry.**

On the ground of a surge of US biodiesel imports during the investigation period, the European Commission may independently decide to apply retroactive countervailing measures against US B99 imports, as provided for under EU trade law.

It is not useless to remember that recent **US legislation has closed the “splash and dash” loophole.** This applies retroactively to claims for credit made on or after May 15th 2008. After successive attempts, the US Congress voted last October 3rd a \$700 billion financial bailout package (H.R. 1424) extending the biodiesel \$1/gallon tax incentive until December 2009. It clarifies that the **benefit of the subsidy is not to be granted to biodiesel “produced outside the US for use as a fuel outside the US”.**

The new legislation is de facto ending the practice of “splash and dash” whereby foreign producers are taking advantage of the US biodiesel credit before shipping their commodities to Europe.

The end of the “splash and dash” in any case will not reduce the substantial injury created by US subsidised exports on the European market. **The core of the problem remains US produced biodiesel, which makes up some 90% of the volumes entering the EU market. The volumes of US produced B99 are and will continue to increase if nothing is done to stop the real reason of the problem, i.e. the unfair tax credit granted to US produced biodiesel which is then exported to Europe at a dumped price.** In this sense the European Biodiesel Board intends to reaffirm the vital importance for the industry of the EU legal actions it has initiated last April, since the end of the splash and dash does not change at all the status of the US subsidies and dumping, except for the fact that they will as from now apply only to US produced biodiesel (90% of exports) making the law even one step more discriminatory.

“B99” subsidised exports is a trade practice clearly breaching WTO rules and threatening the concept of international trade in biodiesel. EBB calls for the prompt re-establishment of a level playing field, ensuring the harmonious development of the EU and international biodiesel markets.

Background

In the framework of US Federal measures adopted in 2004, biodiesel can be subsidised up to \$264 per m³ (300 USD/tonne, approximately €200/tonne) only by adding a “drop” of mineral diesel to biodiesel (“B99”). Such a “blend” can then be exported to Europe where it is eligible to European subsidy schemes. Since the benefit of the US subsidy is not limited to biodiesel produced and consumed on the US territory, the 2004 measures resulted in a surge of “B99” exports to the EU. B99 blends have been sold in the European market as “pure biodiesel” and at a substantial discount (over €120-180/tonne).

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