

EBB Press Release

EU industry opposes Commission proposal to dismantle EU protection against unfair biodiesel trade flows from Argentina and Indonesia



Member States are to decide on the Commission's proposal to radically lower the anti-dumping duties on Argentinian and Indonesian biodiesel imports. The European biodiesel industry warns of the dramatic impact that this decision may have on 120 thousand jobs and on the efficiency of the overall future of EU trade defence. It is critical for the EU and national authorities to realise that if approved the current Commission proposal would bring to an end any European biodiesel production.

The European Commission intends to bring the EU anti-dumping duties on Argentinian biodiesel imports in conformity with the October 2016 WTO Appellate Body's report by August 10th. At the beginning of July, the Commission issued a General Disclosure Document, according to which it plans to bring the anti-dumping duties down to provisional levels or even lower.

The extremely low level of new proposed duties will be unable to counter the distortive impact of dumping. Additionally, since the result of the WTO panel on EU duties against Indonesia is still uncertain, it appears as completely illogical that the Commission already intends to drop the existing measures on Indonesian imports.

The negative economic impact would be high, thousands of jobs (120.000 most of which in related EU agricultural activities) would be lost, for no convincing reason.

"There is no reason for the EU to act now. The Commission has agreed with Argentina to do so by 10 August but there are numerous precedents of parties seeking and agreeing to postpone the adoption of measures for a multitude of reasons (technical, political etc.). The EU should ask for an extension of a few months. It is logical at least to see what comes out of the Indonesia panel in September, we expect something positive there" said Raffaello Garofalo, Secretary General of EBB. *"Should the Commission prevail and decide to include Indonesia already now, industry is very likely to take this to the European Court. If industry wins and obtains compensation, this will be at the expense of the EU budget, i.e. at the expense of the Member States. Which of course would be unacceptable"*, he concluded.

In the light of the current discussions on the new methodology for calculating dumping margins and on China's Market Economy Status, the acceptance of the disclosure document by Member States would entail even wider systemic consequences for all future anti-dumping cases and in perspective of China MES.

The proposed levels of duties would open the door to massive imports of Argentinian and Indonesian biodiesel. It is crucial to understand that, over the past years, both countries have continued to expand their production capacities. Indonesia has now reached over 7 million tonnes/ year of operational capacity, of which 4 million tonnes are available for export. Argentina can produce over 5 million tonnes/year, of which 4 million tonnes could be exported.

The EBB is extremely worried that EU's excellence and worldwide leadership in biodiesel would be forever lost at the advantage of two countries (Argentina and Indonesia), whose unfair practices are well proven – to the extent that other countries such as Peru and the US have recently adopted or are in the process of imposing anti-dumping and anti-subsidy duties against these countries' biodiesel imports.

Background:

Argentina and Indonesia apply a tax on exports of the raw materials (soybean and palm oil), which largely exceeds the tax on exports of final processed biodiesel, discouraging exports of raw materials in favour of exports of biodiesel. This allows the domestic biodiesel industry to benefit from raw materials at significantly and artificially reduced prices, reducing its costs of production and conferring its domestic industries of biodiesel with a substantial - and unfair - advantage in relation to their competitors abroad. Following a legal complaint lodged by EBB in 2012, the definitive anti-dumping measures against unfair biodiesel imports from Argentina and Indonesia have been imposed for a period of 5 years via EU Regulation 1194/2013, published on November 26th, 2013. Argentina lodged a complaint at the WTO already in December 2013. Following the WTO Appellate Body's report issued in October 2016, the European Commission has been given time till August 10th, 2017 to bring the EU duties in conformity with the WTO Appellate Body's report. The Indonesian government has lodged a similar complaint at WTO in June 2014. The case is, however, still under litigation. The industry is awaiting the ruling of the Panel.

* * *

*The **European Biodiesel Board (EBB)** is a non-profit organisation established in January 1997. Today, EBB gathers nearly 80 members across 21 Member-States, which represents 75% of the European output. Biodiesel is the main European solution to reduce emissions from transport and dependence on imported oil. EBB aims to promote the use of biodiesel in the European Union and is committed to fulfil International standards for sustainability in GHG emissions and sustainable feedstock. EBB is constantly working towards the development of improved and greener technologies.*