

EBB**European Biodiesel Board**

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PRESS RELEASE

EBB strongly condemns the unfair subsidised US biodiesel exports and stands ready for legal action

The massive exports of unfair subsidised US biodiesel is becoming an increasing source of concern for the EU biodiesel industry.

In the framework of the 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. US producers can therefore claim the maximum subsidy for a “B99,9” blend. Such a blend can then be exported to Europe where it is eligible to European subsidy schemes.

Since the benefit of the blender credit is not restricted to biodiesel produced and consumed on the US territory, the 2004 support provisions resulted in a surge of B99 exports to the EU. In most cases B99 blends are 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 one of the raw materials purchased by the EU industry for producing biodiesel.

It is estimated that some 700,000 tonnes US methyl ester have entered the EU since January 2007 (compared to only 90,000 tonnes for the whole 2006), meaning that the 1 Mo tonnes threshold could be reached before the end of this year. This represents a sudden and sharp increase in US exports which is only explainable by unfair support measures.

At the same time, there are worries that such unfair practice will not be closed rapidly by the US Congress and that the support scheme will even be extended beyond 2008. In any case, **closing the so-called “splash and dash” loophole, whereby foreign producers (Indonesian, Malaysian) are taking advantage of the US biodiesel credit before shipping their commodities to Europe, will not solve the REAL problem.** Indeed, the “splash and dash” practice represents only a very minor share (less than 10%) of the overall B99 shipments that are reaching Europe. **The most part of B99 is coming from US producers, using US agricultural raw material.** The strong support measures enjoyed by US farmers explain the permanence of this unfair practice.

In most EU countries biodiesel producers are experiencing dumping competition from B99 blends. This competition is price-setting and is progressively disrupting the margins of European biodiesel producers, putting out of business most EU producers. As a result the important biodiesel industrial capacity risks remaining largely unutilised and production may start stagnating if not already declining as from this year, if urgent action is not taken.

This is why, unless the situation is solved very shortly by the US legislator, the EU biodiesel industry will initiate a comprehensive legal action against this unfair trade practice, in the form of a joint anti-dumping and anti-subsidy complaint, possibly supported by a WTO complaint.

The EU biodiesel industry is urging the European Commission to take the necessary actions to counter and then eliminate unfair “B99” subsidised exports, a trade practice that is clearly breaching WTO rules and threatening the concept of international trade in biodiesel.

The European Biodiesel Board, also known as EBB, is a non-profit organisation established in January 1997. EBB represents the voice of the EU biodiesel industry. It gathers 56 companies and associations and aims to promote the use of biodiesel in the European Union. EBB member companies account for around 80% of EU biodiesel production.

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