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Argentina, Indonesia Hit With EU Tariff on Biodiesel Imports

By Jonathan Stearns - May 28, 2013

The European Union imposed tariffs on biodiesel from [Argentina](#) and Indonesia, expanding renewable-energy trade barriers after EU import levies against the U.S.

The duties punish Argentinian and Indonesian exporters of biodiesel, a type of biofuel made from vegetable oils and animal fats for use in [diesel engines](#), for allegedly selling it in the EU [below cost](#), a practice known as dumping. [Molinos Rio de la Plata SA](#), Aceitera General Deheza SA and Pelita Agung Agrindustri are among the companies targeted by the levies as high as 104.92 euros (\$135.46) a metric ton, or 10.6 percent.

EU producers including [Verbio AG \(VBK\)](#) in [Germany](#), Diester Industrie SAS in [France](#) and Novaol Srl in [Italy](#) suffered “material injury” as a result of dumped imports from Argentina and [Indonesia](#), the European Commission, the 27-nation bloc’s trade authority in Brussels, said today in the [Official Journal](#). The levies, due to take effect tomorrow, are for six months and may be prolonged for five years.

The duties to curb competition for European biodiesel producers in their 12 billion-euro home market highlight tensions accompanying EU efforts to increase the use of biofuels, a renewable energy from crops such as rapeseed, corn, wheat and sugar, amid a crackdown on fossil fuels blamed for global warming. Ethanol is another kind of biofuel.

The EU decided in 2008 to require at least 10 percent of land-transport energy in each member country to come from renewable sources led by biofuels beginning in 2020. This is part of a goal of more than doubling the total share of renewable energy in the EU to an average 20 percent.

Anti-Dumping Duties

In 2009, the EU hit the U.S. with five-year anti-dumping duties on biodiesel. The bloc also applied separate anti-subsidy levies on American manufacturers such as [Archer-Daniels-Midland Co. \(ADM\)](#) and Cargill Inc. The [import taxes](#) brought \$1 billion a year of trade to a halt.

Argentinian and Indonesian exporters increased their combined share of the EU biodiesel market to 19.3 percent in the 12 months through June 2012 from 9.1 percent in 2009, the commission said. Indonesian exporters gained ground at a faster pace, raising their European market share to 8.5 percent from 1.4 percent over the period, according to the commission.

“Today’s decision is about ensuring a level playing field for business and fighting for European jobs,” [John Clancy](#), spokesman for EU Trade Commissioner Karel De Gucht, said in an e-mailed statement.

‘Protectionist Decision’

Argentina called the tariffs an act of protectionism.

“The measure is due to the inability of European producers to compete with more efficient producers,” Argentina’s Foreign Ministry said in a [statement](#) on its website. It’s a “protectionist decision that lacks technical justification.”

The duties are the preliminary outcome of an inquiry that the commission opened last August after a dumping complaint by the [European Biodiesel Board](#) on behalf of manufacturers that account for more than 60 percent of EU production of biodiesel.

The provisional duties against Argentina range from 65.24 euros a ton on Molinos Rio de la Plata to 104.92 euros a ton on exporters including Aceitera General Deheza. Depending on the company, the levies against Indonesia range from 24.99 euros a ton to 83.84 euros a ton. One Indonesian exporter, Ciliandra Perkasa PT, has a zero duty rate.

EU governments, acting on a proposal from the commission, must decide within six months whether to turn the provisional anti-dumping duties into “definitive” levies lasting for five years. Definitive-duty rates can differ from the level of provisional measures.

The EU is also threatening to impose separate anti-subsidy duties on biodiesel from Argentina and Indonesia. The commission began a probe in [November](#) into possible trade-distorting [government aid](#) for Argentinian and Indonesian exporters and is due to decide by Aug. 10 on any provisional anti-subsidy levies. EU governments would have four months from then to decide on any definitive five-year measures to counter subsidies.

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