

Brussels urged to take on US over biodiesel

- European commission to investigate 'unfair' trade
- Producers call for punitive duty on American imports
 - [David Gow](#) in Brussels
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 - [Article history](#)

Europe's biodiesel producers will today urge the European commission to levy punitive duties on US rivals after Brussels launched formal anti-subsidy and anti-dumping investigations into imports from America.

In a move likely to escalate a trade war between the EU and US, the commission said it had enough evidence of subsidies and dumping of biodiesel on the European market to warrant an investigation. It said it would "leave no stone unturned" and act in accordance with its findings.

The European Biodiesel Board, which launched a legal complaint with the EC in late April, claims that US export subsidies are crippling the EU's nascent industry, with several companies close to bankruptcy and plants closed or facing closure.

"We have a lower and lower use of capacity simply because we cannot compete with people who are flooding our market because of unfair subsidies," said Raffaello Garofalo, EBB secretary general. He said capacity use could be even lower than 50% this year.

British firm D1 said in April it would close its new refineries in the UK and lay off all staff there. Garofalo said firms in Germany, the Netherlands and elsewhere were also under threat.

The EU's entire biofuels industry is at risk because of a backlash over the alleged impact on land use and food prices. Imports from the US have risen from 7,000 tonnes in 2005 to 1m tonnes last year, the EC said.

The full-scale EU investigation, foreshadowed last month by the Guardian, will look beyond the "splash-and-dash" operation that allows exporters to ship biodiesel to the US, add a small amount of mineral oil and re-export it with a dollar a gallon in subsidies. The bio-diesel can then also benefit from EU subsidies.

But EU officials said the practice was being outlawed under legislation passing through Congress. The EC said federal excise and income tax credits as well as grants, including at state level, would stay in place for home-produced biodiesel.

Garofalo said that "splash and dash" accounted for only 10-15% of the biodiesel imported into the EU. "The real problem remains US biodiesel producers," he said. "Changing the rules to stop splash and dash doesn't change a lot as export subsidies will be maintained for US producers and that's precisely what we want to stop."

The EC decision, published today in the Official Journal of the European Union, gives it until March 13 next year to mount its investigation, which then has to go to the 27 member countries if punitive countervailing duties are to be levied. But Garofalo said these should be adopted as soon as possible given the huge distortion to the EU market and damage to the indigenous industry.

The US has threatened to lodge a counter-complaint with the World Trade Organisation over alleged EU trade barriers - just as the two sides are settling a protracted dispute over imports of US poultry to Europe.

About this article

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