

Commission accuses US of biodiesel dumping

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The EU has initiated anti-subsidy and anti-dumping investigations into imports of biodiesel from the United States in what could turn into the next major trade row between the bloc and its number one trading partner.

"Examination by the European Commission of complaints lodged by European industry found that an investigation was warranted – sufficient evidence was provided of subsidies to the US biodiesel sector, as well as dumping of biodiesel in the European market," states a press release issued this morning (13 June).

The Commission will now seek to identify whether these practices are having an "adverse effect" on the EU's biodiesel industry in order to determine whether measures – in the form of specific duties on US biodiesel – are justified.

According to the European Biodiesel Board, which first lodged the complaint with the Commission on [28 April 2008](#), a US subsidy scheme for the so-called "B99" blend has enabled American biodiesel producers to undercut EU prices by as much as 30%. This has led to an explosion of imports over the past two years, with volumes surging from just 90,000 tonnes in 2006 to around a million tonnes in 2007.

Under US law, producers of "B99" – which is made by mixing pure biodiesel (often cheaply imported from countries like Indonesia or Malaysia) with as little as 0.1% of mineral diesel – qualify for biofuel subsidies of up to €200 per tonne. Yet this blend can then be resold in Europe as pure biodiesel, where it is again eligible for European blending subsidy schemes.

While unable to share any concrete figures as yet, the EBB, which represents roughly 80% of EU biodiesel producers, says the US' "unfair support measures" have hit European producers "tremendously [...], progressively disrupting their margins and putting many of them out of business".

Sales by Europe's biodiesel industry currently represent roughly €8 billion annually but the EBB says the US tax credit is preventing them from enlarging their market share. They add that this is also effectively undermining progress towards the Union's ambitious target of achieving a 10% share for biofuels in transport by 2020.

Yet this very goal is now being questioned by EU governments, MEPs and civil society alike due to concerns that mass production of biofuels could have serious negative global consequences, including deforestation, hikes in food prices and water shortages.

EU trade spokesperson Peter Power was nevertheless determined to defend European producers, saying: "The EU will not tolerate unfair trade practices, and will pursue vigorously any well founded complaint. The Commission will leave no stone unturned in this investigation."

But the American National Biodiesel Board rejected the allegations, accusing European biodiesel producers of "a protectionist ploy" to hide the fact that they are unable to deal with high feedstock prices, changes to EU government policies and "poor business practices".