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***REUTERS: EC POISED TO PROPOSE BIODIESEL ANTI-DUMPING, ANTI-SUBSIDY DUTIES

It appears as though the European Commission (EC) is poised to propose anti-dumping and anti-subsidy duties on subsidized U.S. biodiesel imports, according to a story published by Reuters this morning.

Citing sources familiar with the proposal, Reuters said the anti-dumping duties would range from 2 euros (\$2.50) to 19 euros (\$24.10) per 100 kilograms, and anti-subsidy duties from 23-26 euros per 100 kilograms. That would translate into anti-dumping duties of 10-82cts/gal and 89-99cts/gal for anti-subsidy duties.

The proposed duties are to be announced next month at a meeting of EU trade officials, known as the anti-dumping committee, reported Reuters.

Attempts to reach EU officials for comment were not successful by presstime, nor were attempts to reach the European Biodiesel Board (EBB), the group that lodged the complaint. However, several biodiesel sources familiar with the overall issue said the Reuters story is generally accurate.

According to one of the sources, if the EC decides to make a determination, it will do so by March 13. However, on March 3, the EC plans to formally discuss with its member states whatever action it plans to take, the source said. On Wednesday, the EC circulated memos on what would be discussed at the March 3 meeting, and it appears Reuters obtained a copy of the memos, which was the basis for their story, the source explained.

The case relates to a complaint that EBB filed in April 2008 with the EC about subsidized U.S. biodiesel making its way into Europe, able to also take advantage of European tax breaks and subsidies. Specifically, often shipments are some variation on B99 blends -- biodiesel mixed with a tiny amount of petroleum diesel -- able to take advantage of the up to \$1/gal U.S. blending tax credit before being sent overseas.

After formally agreeing in June 2008 to investigate the claims, the EC sent out questionnaires to all U.S. biodiesel producers, asking them about the volumes of their U.S. and European business over a one-year period, along with pricing-related details.

According to an EC letter previously obtained by OPIS, the commission selected seven U.S. biodiesel companies. For the anti-dumping claims, the EC would be investigating ADM, Cargill, Green Earth Fuels, Imperium Renewables, Peter Cremer North America and World Energy Alternatives. On the anti-subsidy claims, the EC would be investigating six of the same companies (ADM, Cargill, Green Earth Fuels, Imperium Renewables, Peter Cremer North America and World Energy Alternatives), as well as Vinmar Overseas.

The companies completed their questionnaires in September 2008, and in November and December 2008, the EC sent delegations to visit each of the companies for fact-finding discussions, a source following the issue previously explained to OPIS.

Additionally, the EC also investigated European biodiesel producers and sampled some of their fuel, according to one of the sources familiar with the overall issue. The EBB has to provide a specific causal link that the subsidized U.S. imported biodiesel harmed European producers. But that could be hard to prove, the source said, since most European biodiesel plants are currently running at more than 80% capacity and seeing a 6% profit margin, while the U.S. biodiesel industry suffers from poor economic conditions, with many plants halting operations or shuttering completely.

"It is unfortunate that the European Commission appears poised to impose duties on U.S. biodiesel entering Europe," said Manning Feraci, National Biodiesel Board vice president of Federal Affairs. "That said, this is just one step in an ongoing process. Ultimately, the fact remains that U.S. competition is not causing harm to the European biodiesel industry, the data proving this is before the European Commission, and we hope that the final outcome in this case will reflect this fundamental fact," he added.

According to a source familiar with the issue, assuming the EC proposes the anti-dumping and anti-subsidy duties in March, a four-month comment period will follow, with the rule finalized in July.

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