

2009-07-07 11:08:30 EDT

**\*\*\*EU COUNCIL OF MINISTERS APPROVES U.S. BIODIESEL IMPORT DUTIES**

The European Commission's (EC) Council of Ministers approved earlier today a proposal to extend -- by five years -- the anti-dumping and anti-subsidy duties that were temporarily imposed on U.S. biodiesel producers in March, according to the European Biodiesel Board (EBB).

Definitive duties will range from 213 euros/metric ton to 409 euros/metric ton, and are expected to be published in the Official Journal by July 12, EBB noted.

On March 12, the European Union formally agreed to impose temporary anti-dumping and anti-subsidy duties on U.S. biodiesel imports. Specifically, starting March 13, U.S. firms exporting biodiesel to the EU began to pay tariffs ranging from 23.6 euros to 208.20 euros per metric ton (for anti-dumping duties) and 211.20 euros to 237 euros per ton (for anti-subsidy duties). The tariffs were to last four months, while EC conducted a comment period to determine whether the tariff would last longer.

In late May, EBB Project Director Amandine Lacourt confirmed to OPIS that a majority of EU member state delegates supported the EC proposal to definitively impose the anti-dumping and anti-subsidy duties.

The overall 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.

As a result of the investigation, the EC imposed temporary duties on six U.S. companies for anti-dumping claims and seven for anti-subsidy claims, while 53 other U.S. biodiesel producers were assessed a separate anti-dumping duty, and 45 other U.S. biodiesel producers were assessed a separate anti-dumping duty.

"Today's decision by the Council of Ministers confirms that the U.S. claims were misleading and self-defeating," said EBB Secretary General Raffaello Garafalo. "They could not break the strong causality link between unfair U.S.

biodiesel trade and the damage suffered here in Europe. It is our greatest satisfaction to see the positive conclusion of a process initiated by EBB more than two years ago, involving considerable time and resources, for the defense of our endangered industry," he added.

As expected, the National Biodiesel Board was disappointed with the Council of Ministers' decision. "This is an unfortunate decision," said Manning Feraci, vice president of Federal Affairs. "Throughout this case, we have constantly put data on the record that clearly shows the European biodiesel industry was not being harmed by U.S. competition. In fact, some EU companies have fared quite well. For those that have not, it is factors unrelated to U.S. competition -- bad business models; high feedstock costs; and detrimental EU member state policy -- that are to blame," he added.

"Moving forward, the U.S. biodiesel industry will certainly reserve our right and ability to further address this flawed outcome," Feraci concluded.

For its part, EBB said it "will remain particularly vigilant regarding any possible circumvention attempt, and is already liaising with EU authorities to track and report any shipment of U.S. biodiesel that would enter fraudulently the EC market directly or indirectly via third countries."

***--Rachel Gantz, rgantz@opisnet.com***