

EU Starts Probe Into U.S. Biodiesel Exports to Europe

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Aug. 12 (Bloomberg) -- The European Union started an investigation into shipments of U.S. biodiesel to Europe as it seeks to find out if antidumping measures introduced last year are being circumvented.

The probe will look at whether biodiesel originating in the U.S. is being shipped to the EU through Canada and Singapore, thereby getting around tariffs on U.S. producers, the European Commission said yesterday in the Official Journal.

"This is good news, local producers may stand a better chance of competing," said Krzysztof Osuch, who owns Associated British Bio Fuels Ltd., a U.K. biodiesel producer. "In the EU biodiesel isn't subsidized to the level it is in the U.S."

The EU imposed five-year tariffs on U.S. biodiesel last year to help EU producers counter American subsidies. The investigation comes after the European Biodiesel Board lodged a complaint in June.

Biodiesel is added to motor fuel in Europe to reduce carbon emissions. The EU approved a law that 10 percent of energy for land transport must come from renewable sources by 2020.

The EU probe will also look into whether U.S. biodiesel is being exported in a blend containing 20 percent or less of the renewable fuel, according to the Official Journal.

The so-called B19 blend of diesel, which contains 19 percent of biodiesel, is not covered by last year's tariffs, according to the European Biodiesel Board, whose members produce 80 percent of the region's fuel.

'Unfair and Artificial'

The industry group "is strongly committed to ensure that the EU duties are not undermined by unfair and artificial trade practices," Secretary General Raffaello Garofalo said in a statement today.

Rapeseed is Europe's biggest crop used for biofuel production that is blended into diesel that is more suitable for use in the winter. The fuel clogs at a lower temperature compared with other sources such as palm oil.

Biodiesel made from rapeseed has an average so-called cold filter plugging point of minus 13 degrees Celsius (8.6 Fahrenheit), according to brokerage Starsupply Renewables SA. This compares to minus 3 Celsius for fuel made from soybean oil and 12 degrees Celsius for palm oil based biodiesel. The CFPP is the lowest temperature at which a vehicle will operate using a specified fuel.

Rapeseed for November delivery has jumped 27 percent on NYSE Liffe in Paris this year to 374 euros a metric ton on concern over falling supply. German rapeseed production is expected to decline 11 percent this year, according to an industry group.

<http://www.businessweek.com/news/2010-08-12/eu-starts-probe-into-u-s-biodiesel-exports-to-europe.html>