

UPDATE: EU To Put Temporary Duties On US Biodiesel Imports - Document

February 19, 2009: 02:09 PM ET

(Updates sourcing, adds details from document)

BRUSSELS -(Dow Jones)- The European Commission intends to place temporary duties on biodiesel imported from the U.S. while it determines if permanent duties are necessary, according to a commission proposal obtained by Dow Jones Newswires.

The decision comes in response to complaints from the European Biodiesel Board, which represents the main producers in the E.U., that a subsidy the U.S. government gives to its biodiesel companies is unfairly harming the E.U. biodiesel market.

The EBB said the subsidy, which amounts to \$1 per gallon of biodiesel, had encouraged U.S. companies to flood the E.U. market with their biodiesel, driving down prices and forcing E.U. producers to shut down production. The E.U. is by far the world's largest consumer of biodiesel.

U.S. biodiesel imports caused the financial condition of the E.U. biodiesel industry to deteriorate drastically between 2005 and early 2008, the commission found, with profit margins dropping from 18% to below 6%. Return on investments in the E.U. industry dropped by 80%, as the industry's margins were squeezed between higher costs and low biodiesel prices, the commission said.

"The pressure exercised by the surge of low-priced dumped/subsidized imports on the (E.U.) market did not allow the (E.U.) industry to set its sales prices in line with market conditions and the increase in costs," according to the document.

The commission, the E.U.'s executive arm, will impose two kinds of duties, according to the proposal. The first is for biodiesel that is dumped into the market at prices below the cost of production, and the second kind would counter the subsidies given by the U.S. government, the commission said.

Archer Daniels Midland Co. (ADM), the giant U.S. agriculture company, will have to pay a combined duty of EUR26 per 100 kilograms of biodiesel, according to the document. ADM rival Cargill will pay EUR27 per 100 kilograms.

Under the proposal, Imperium Renewables will have to pay EUR29 per 100 kilograms, Green Earth Fuels EUR28 per 100 kilograms, and World Energy Alternatives EUR29 per 100 kilograms.

Peter Cremer North America and most other U.S. biodiesel companies will pay EUR41 per 100 kilograms.

If the commission wants to impose permanent duties, it must win the approval of the E.U. national governments.

The temporary duties will take effect by March 12, after the national government experts meet March 3 to discuss the issue, according to the commission document.

-By Matthew Dalton, Dow Jones Newswires; +32-2-741-1487; matthew.dalton@ dowjones.com

(END) Dow Jones Newswires

02-19-09 1409ET

Copyright (c) 2009 Dow Jones & Company, Inc.