

# EU biodiesel producers eye strike against Argentine rivals

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Author: Juliane von Reppert-Bismarck

## IN BRIEF

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It is understood Europe's biodiesel industry has informed the European Commission and its anti-fraud body OLAF of possible attempts by US exporters to circumvent anti-dumping and anti-subsidy tariffs launched last March in Brussels and extended for up to five years earlier this month (see MLex coverage [here](#)) by shipping their biodiesel to Europe from ports in Canada, Mexico and Argentina.

Canada and Mexico, they claim, are currently exporting more biodiesel than they can realistically produce given limited production capacity.

Argentina has become a particular focus of EU industry, which plans to ward off its burgeoning rival with a threefold attack. Argentina applies a differential export tax on biodiesel made from soybean oil, creating unfair competition, industry is understood to be arguing in meetings with the commission. While such taxes are legal at present, industry demands that the EU insist on their abolition in the context of stalled trade talks at the WTO. EU producers are also challenging Argentina's membership on a list of developing countries and therefore face preferential import duties. The so-called Generalised System of Preferences should not be applied to the country's booming biodiesel sector, EU producers say.

Argentina's trade benefits are technically valid until the end of 2011. But they may be challenged early if there is any indication that Argentina is colluding with the US in selling US biodiesel to Europe as its own.

Argentina's exports of biodiesel have multiplied by almost 20 to 85,046.5 tonnes in April 2009. One year previously, before the new duties launched, exports had stood at 4,293.7 tonnes. Canada's exports have also soared, rising three-fold to 2,955.7 tonnes in April 2009 from 952.7 tonnes in April 2008.\* Equivalent figures for Mexican exports are not currently available on Europe's statistics database Eurostat.

These import flows concern biodiesel listed under EU customs code 38 24 90 91. It is understood European producers are also eyeing other types of biodiesel not officially stamped as a biofuel in EU customs categories.

EU producers' eagle eye highlights the significant market opportunity and risks presented by the biofuel sector. Demand for biodiesel is rising in the EU in the wake of emissions-cutting rules that promote its use, and could rise further if climate change negotiators agree biofuel rules during a global climate accord due to be signed later this year. EU biodiesel producers are ramping up their production capacity to feed the growing market, and so are their rivals in countries such as Argentina and Malaysia. EU production capacity in 2009 is up 31 percent

compared to 2008, according to industry figures.

Keen to ward off any possible rival imports from burgeoning biodiesel makers in Malaysia who use palm oil as their raw material, EU industry is also pushing for Brussels to tighten rules on sustainable sourcing of all palm oil.

Currently EU rules require the sustainable sourcing of palm oil only when it is being used for biodiesel. However, Malaysian biodiesel is said to make up just 2 percent of the palm oil the country exports to Europe. EU producers want rules that will force Malaysian palm oil exporters to use sustainable farming and production methods regardless of whether the oil is used in biodiesel.

Addressing European concerns that swelling biofuel production could displace regular crop farming and destroy forests, EU industry is advising the EU commission of the beneficial effects of growing oil seed crops. One of these, it is telling the commission, is that fields that include oil seed crops in their rotation benefit from more fertile soil and subsequently higher crop yields of crops such as wheat. The commission has until the end of 2010 to assess the indirect impact on land-use of energy-crop farming. It is understood it wishes to have this report ready as early as next spring.

EU industry is also expected to be ready to block any attempt by US biodiesel exporters to lessen the blow of anti-dumping and anti-subsidy measures. Any suggestion of a price undertaking by the US - a deal that would guarantee a minimum export price on biodiesel - must be rejected by Brussels, as US exporters could easily balance out high prices on biodiesel with discounts on other goods.