

EU nations slap duties on US biodiesel: diplomat

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(BRUSSELS) - European Union nations decided Tuesday to impose anti-dumping duties on US biodiesel imports, which are suspected to be heavily subsidised, an EU diplomat said Tuesday.

The proposal, by the European Commission, was adopted by the 27-country bloc's finance ministers at a meeting in Brussels, the diplomat said, on condition of anonymity.

The duties, to come into force by July 12, range from 23 euros (32 dollars) to 41 euros per 100 kilogrammes (160 pounds) and would last for up to five years.

The stakes are high as biodiesel represents around 80 percent of the total production in Europe of biofuels, which have become an important pillar of the EU's efforts to fight global warming.

US biodiesel accounts for most of this fuel imported into the EU.

The commission launched an anti-dumping and anti-subsidy probe into US biofuels in June 2008 after industry lobby the European Biodiesel Board (EBB) complained the EU market was being flooded with heavily subsidised US imports.

While both the United States and the EU support the use of biofuels, the group claims that US biodiesel is being sold at below US producers' costs thanks to generous subsidies.

It estimated in January that US exports of a particular biodiesel blend known as B99 had surged by 40 percent in 2008 compared to 2007, which it said was threatening the viability of European producers.

"For more than two years, US biodiesel has been sold in the European market at a substantial discount, at an even lower price than the vegetable oil raw materials purchased by the EU industry for producing biodiesel," the EBB said Tuesday.

"Without the definitive measures adopted today, the unfair US exports would have jeopardised the viability of the EU biodiesel industry and its future investments," it said in a statement.

The decision to slap duties on US exports comes amid tense transatlantic trade relations which have been frayed recently by disputes on issues such as restrictions on US poultry and a European ban on US hormone-treated beef.

EU nations aim to increase the amount of renewable energy they use by 10 percent by 2020, compared to 1990 levels, in an effort to help limit the increase in global temperatures to two degrees Celsius.

Biofuels are part of the equation, but above all so-called second generation biofuels which do not come from the food chain but are derived from sources such as waste, biomass, algae or grain crops cultivated on poor-quality farm land.

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