

EU to investigate U.S. biodiesel tariff evasion : Since tariffs, US down while Canada, Singapore exports up

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Reuters/NY Times

* Also alleged switch to low-level blends to avoid tax

BRUSSELS, Aug 12 (Reuters) - The European Union is investigating whether U.S. biodiesel exporters have been shipping to Europe via third countries to avoid high tariffs imposed last year, the EU executive said on Thursday.

The European Commission said it was also studying whether U.S. exporters were switching to diesel blends containing less than 20 percent biofuel to avoid tariffs that apply to blends containing 20 percent or more.

European biodiesel producers requested the probe in June, saying U.S. trans-shipments via Canada and Singapore and a switch to low-level blends were flooding the EU with cheap imports and squeezing domestic producers out of business.

The EU imposed tariffs totalling more than 400 euros per tonne on U.S.-made biodiesel last year after ruling that it was illegally subsidised and that exporters were dumping it on the EU market.

Since then, U.S. exports to the EU have plummeted while Canadian sales to the EU have soared to more than 140,000 tonnes in 2009, from about 1,700 tonnes in 2008, according to EU data. Exports from Singapore rose to more than 20,000 tonnes in 2009 from 177 tonnes the year before.

"This change in the pattern of trade appears to stem from the trans-shipment of biodiesel originating in the United States of America via Canada and Singapore," the EU said in its official register.

"Sufficient evidence exists to justify the initiation of an investigation," it said.

The EU's Anti Fraud Office said it had started a parallel probe.

If European authorities can prove illegal trans-shipments, Canadian and Singaporean exporters would face the same penalties as those imposed on U.S. exporters.

The decision to launch the investigation highlights the battle to clinch a slice of a renewable energy market that is growing amid global efforts to fight climate change.

The secretary-general of the European Biodiesel Board, Raffaello Garofalo, said it was urging EU authorities to extend the scope of established trade measures to make up for the damage caused to European producers. (Reporting by Juliane von Reppert-Bismarck; editing by David Brunnstrom and Jane Baird)

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