

European Commission initiates probe into US biodiesel
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The European Commission initiated today an anti-circumvention investigation concerning US biodiesel exports to the EU, following a complaint lodged by the European Biodiesel Board, the EU industry body, in June.

Since early 2007, the profitability of EU biodiesel producers had been severely affected by heavily subsidized and dumped biodiesel from the US (known as "B99"), the EBB said.

In March 2009, following an EBB legal action, EU trade authorities imposed extensive anti-dumping and countervailing measures on imports of US biodiesel. These measures are in place for five years.

The EU duties positively contributed to reestablishing more favourable market conditions for EU biodiesel producers. Nevertheless, according to EBB, the EU biodiesel industry is still being injured by cheap biodiesel imports from the US that are circumventing the anti-dumping and countervailing measures in place. Soon after March 2009, new patterns in the transatlantic biodiesel trade emerged, with US biodiesel being increasingly exported to the EU via third countries, in particular Canada and Singapore, in order to fraudulently conceal its US origin, EBB said. In parallel, important volumes of US biodiesel are still being exported directly to the EU in the form of blends not covered by the EU duties (typically B19). These practices do not reflect normal commercial practice but are a mere attempt to evade the anti-dumping and countervailing duties.

Against this background, EBB sees today's decision by the European Commission as a crucial move to ensure that the remedial effect of the EU duties on US B99 is maintained over time.

Over the past months, EBB has been providing evidences to Commission DG TRADE and the European Anti-Fraud Office (OLAF) in order to put an end to these unacceptable trade practices which may represent more than Euros 100 million of unpaid import duties. In March, Italian customs authorities seized a large quantity of biodiesel in the port of Venice out of an import of 10 000 tonnes of biodiesel destined to the ports of Venice and Trieste. The product was declared as of Canadian origin, but its extremely low price signaled its likely US origin. The product was namely offered with a \$150-180/ton discount compared to EU biodiesel of comparable quality, and at a lower price than soybean oil and rapeseed oil. Material evidences converge to indicate that the biodiesel load seized in Venice is part of wider trans-shipment traffic aimed at evading existing EU antidumping and anti-subsidy measures on US biodiesel.

The Commission anti-circumvention action initiated today is being backed-up by a parallel investigation of the EU Anti-Fraud Office (OLAF). In case of established fraudulent practices, unpaid duties can be collected by EU authorities up to three years back and heavy financial penalties would be imposed.

Over the past years, the European biodiesel industry has committed substantial efforts and resources to put an end to the unfair US "B99" trade. The measures adopted last year by the European Commission have been a decisive step in this direction. Far from being a protectionist move, this decision was motivated by the legitimate right of any industry to operate in a level playing field.

"EBB is strongly committed to ensure that the EU duties are not undermined by unfair and artificial trade practices. We are urging EU authorities to extend the scope of the established trade measures in order to remove the injury caused to European biodiesel producers by circumvented US biodiesel" said EBB Secretary General Raffaello Garofalo.

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