

European Commission may act against biodiesel from US

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The European Union (EU) has launched anti-subsidy and anti-dumping investigations into imports of biodiesel from the US following two complaints by the European Biodiesel Board (EBB) trade association (*see Transatlantic trade row erupts over biodiesel*).

The EBB claims that the EU biodiesel industry has been damaged unfairly by imports from the US, where biodiesel produced in that country or elsewhere can be blended with just a drop of mineral diesel (to form B99 fuel) to receive a \$1/gallon (\$0.26/litre) blending subsidy, before being shipped to the EU where it undercuts biodiesel produced there. The US subsidy amounts to \$264/m³ (\$300/t or €200/t), said the EBB.

"For more than one year, B99 blends have been sold in the European market as 'pure biodiesel' and at a substantial discount (over €120-180/t), in some cases at a lower price than the raw materials purchased by the EU industry for producing biodiesel," it added. Imports of biodiesel from the US increased from about 7,000t in 2005 to about 1m tonnes in 2007.

The EBB called for countervailing measures "in a reasonable timeframe. In the absence of such measures, the situation of the EU biodiesel industry would become even more critical than it is at present".

However, the organisation's US equivalent, the National Biodiesel Board (NBB), rejected the EBB claims. Manning Feraci, the vice-president of federal affairs, said: "The allegations of harm leveled by the European biodiesel industry in these trade complaints are baseless."

He said that the European biodiesel industry is not being harmed by US competition: "High feedstock costs, changes to EU member policies – and in some cases – poor business practices are the true issues facing European biodiesel producers. It is unfortunate that the EBB has found it politically expedient to blame the US biodiesel industry instead of focusing its efforts on the true challenges facing its membership."

The NBB said that it might launch its own trade complaint against the EU's "trade barriers that provide preferential treatment to European biodiesel producers". However, it has provided no details of any such complaint.

The European Commission, the EU's executive arm, said: "With regard to the anti-subsidy complaint, the complainant has provided sufficient evidence of subsidies to the biodiesel sector in the US. These subsidies would include federal excise and income tax credits as well as a federal programme of grants to finance increased production capacity. Various subsidy programmes would also exist at state level. In regard to the anti-dumping complaint, the complainant has provided sufficient evidence of dumping of biodiesel on the EU market."

The Commission will present its provisional findings for approval by EU member states by 13 March next year. Potential measures include countervailing duties on US B99 in the case of subsidies and anti-dumping duties in the case of dumping.