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European finance ministers voted Tuesday to adopt five-year anti-dumping duties against imports of subsidized US-made biodiesel, extending provisional measures taken earlier this year.

Definitive anti-dumping and anti-dumping duties on US biodiesel will range between Eur213-409/mt (\$296-568/mt) and are expected to come into affect by July 12, the European Biodiesel Board said, citing a decision by the ECOFIN Council in Brussels.

The European Commission slapped provisional, anti-subsidy and anti-dumping duties on imports of US biodiesel on March 12, seeking longer-term measures despite hearing objections from US biodiesel makers.

The move abruptly stemmed the flow of US imports to Europe, with the duty increasing the value by up to Eur445/mt, making the arbitrage to Europe uneconomical.

Among the companies affected by the EU move are producers Archer Daniels Midland, Cargill, and Peter Cremer North America and traders Louis Dreyfus, Trafigura, and Vitol.

European biofuels traders said the industry had widely expected the EU to impose longer-term duties and saw little impact on short-term biodiesel prices in Europe.

The European Commission launched last year a formal anti-dumping and anti-subsidy investigation into a surge of US biodiesel imports, which it believes are hurting Europe's fast-growing biofuels industry.

The European Biodiesel Board claims that some 90% of the 1.5 million mt of biodiesel imported into Europe last year was of US-made product, which benefits from up to a \$1/gal tax credit to those blending petroleum diesel with biodiesel.

The tax credit can be obtained by blending just 0.1% of petroleum diesel with biodiesel creating a B99 blend that is then exported to European markets.

The EBB has claimed the European biodiesel industry had been operated at about 45% of capacity in 2008, due mostly to a flood of subsidized US imports known as B99 biodiesel.

The EBB applauded the council's decision, calling it the "greatest satisfaction" to see the positive conclusion of a process initiated by EBB more than two years ago.

"We were confident, but it's a major decision for us and it will definitely make a difference," said Amandine Lacourt, a project manager for the Brussels-based EBB. "Politically it gives much more confidence for EU operators planning new projects, many started and completed new plants but have not been able to sell one drop."

The EBB also said it continues to liaise with EU anti-dumping officials to try to clamp down on widely-reported attempts to side-step the EU duties.

The EBB said in April that it was collecting evidence on companies who are said to be trying to bypass EU duties imposed on imports of B99 biodiesel from the US by moving product via other geographical regions.

"EBB will remain particularly vigilant...and is already liaising with EU authorities to track and report any shipment of US biodiesel that would enter fraudulently the EC market directly or indirectly via third countries," the EBB said.

Circumvention practices have been reported whereby US biodiesel is being exported to Europe via third countries and blended with other material, allowing companies to claim a fresh certificate of origin and avoid paying the EU duties, trading sources said.

So far Canada has been reported as the main country in the so-called "triangular trade," with Malaysia, Mexico and Brazil also believed to be involved, the EBB has said.

The US National Biodiesel Board called the decision "unfortunate."

"Throughout this case, we have constantly put data on the record that clearly shows the European biodiesel industry was not being harmed by US competition," it said in a statement. "In fact, some EU companies have fared quite well. For those that have not, it is factors unrelated to US competition -- bad business models; high feedstock costs; and detrimental EU member state policy -- that are to blame.

"The decision to ignore these fundamental facts has yielded a protectionist result that is detrimental to all parties involved."
-- Robert Perkins, robert_perkins@platts.com
-- with Gerald Karey in Washington, gerry_karey@platts.com

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