

German biodiesel firms say U.S. imports escape duty

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By Michael Hogan

BERLIN (Reuters) - Germany's biodiesel industry, Europe's largest, is suffering from cheap U.S. imports of the green fuel which evade punitive European Union import duties, industry leaders said on Monday.

The EU in May imposed anti-subsidy duties on imports of biodiesel and fossil diesel/biofuel blends with more than 20 percent biodiesel content claiming they were sold at unfairly low prices because of U.S. biofuel subsidies.

But large imports of U.S. fossil diesel/biodiesel blends are still being made into the EU with a 19 percent biodiesel content which escapes EU anti-dumping duties, said Norbert Heim, chief executive of German oilseeds industry association Ufop.

"Such imports are not being sold directly on the market but are being blended with other fuels to achieve the required biodiesel level," Heim said during a conference on biofuels organized by Ufop and German bioenergy association BBE.

Imports were largely being made via Rotterdam, Heim said.

Tonnages of 19 percent biodiesel content blends being imported were unclear but the trend was being felt by Germany's biodiesel industry, already suffering from falling demand due to high German taxes on green fuels, said Ufop chairman Klaus Kliem.

Germany's biodiesel industry will support plans by European biodiesel association EBB to ask the EU to extend the punitive duties on U.S. imports, Kliem said.

NEW GERMAN GOVERNMENT DISAPPOINTS

Germany's new government elected in September had promised to review the country's controversial green fuel taxes to revive the depressed biofuels industry.

But the industry was disappointed that the new government was only proposing to freeze biodiesel taxes at their current level of 18 euro cents a liter and cancel tax rises planned for 2010, said BBE chairman Helmut Lamp.

The industry needed a tax reduction to 10 cents a liter to revive sales of pure biodiesel at petrol stations, Lamp said. "Commercially-economic production of biodiesel and vegetable oil fuels is not possible at the current 18 cent tax level."

German sales of pure biodiesel at petrol stations were likely to fall to only about 200,000 tons from 1.1 million tons in 2008, he said.

Only about 100 to 150 German petrol stations sell biodiesel, down from a peak of about 1,900 two years ago.

Green fuel producers argue biodiesel needs to be around 10 cents a liter cheaper than fossil diesel as vehicles consume more.

The pro-business FDP party, the junior member of the new government coalition, on Monday called for a biofuels tax cut. FDP agricultural spokeswoman Christel Happach-Kasan said a freeze in taxes was not enough to revive Germany's biofuels market.

(Editing by James Jukwey)

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