

MEP urges tariffs on subsidised US biodiesel

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HEAVILY SUBSIDISED US biodiesel - blamed for hounding the biodiesel industry out of Teesside - could be hammered by tariffs following news that Europe is to launch a legal challenge against millions of gallons of fuel dumped on the UK market.

The European Commission said it will back a case brought by the European Biodiesel Board, which argued that the Americans' 'splash and dash' biodiesel policy contravened world trade rules.

The decision follows sustained pressure from the industry on Teesside, supported by the Gazette's Back Our Biofuels campaign.

The weekend announcement, which was welcomed by bosses at Seal Sand's Biofuels Corporation, came too late to save the D1 Oils plant, which has already made 20 Middlesbrough-based staff redundant as it looks to sell its facility and move production overseas.

MEP Martin Callanan, who led the charge in Europe, said eurocrats had taken too long to act and may have left the Teesside cluster permanently damaged.

"I'm pleased that the Commission has finally taken action but we've been pressing for this for some time and I fear it's come far too late," he said.

"The biofuels industry on Teesside has already been severely damaged by what is clearly unfair competition.

"I just hope that this matter can be resolved quickly so that the major biodiesel investments that have been made on Teesside will not be in vain.

"Teesside can compete with the rest of the world on quality and price if there's a level playing field.

"With oil now at such a high price it should be clear to the EU and the Government that biofuels have a role to play in our country's energy mix.

"We should be doing all we can to support the biodiesel industry in Britain, not standing idly by while US firms drive our own companies out of business."

The Americans stand accused of abusing world trade regulations by importing biodiesel - much of it made in Europe - and mixing it with tiny amounts of home-produced diesel to take advantage of US government subsidies.

It is then re-exported to Europe where it can claim a further subsidy, severely undercutting British and European product.

Demand for biodiesel has risen in the UK since the introduction of the Renewable Fuel Transport

Obligation in last month's budget, which introduced a compulsory 2.5% bio element in all fuel sold at the pumps.

Sean Sutcliffe, chief executive of the Biofuels Corporation, said the American policy was in clear contravention of World Trade Organisation rules, but could take months to resolve.

"We fully support the challenge. It's an absolutely unfair subsidy that's damaging the whole European industry. We want them to look at it fast and take the appropriate action, which would be to impose countervailing duties if the US is not prepared to change its system. Tariffs are entirely allowable under the rules - it's undoing a very damaging subsidy."

He said right minded politicians in the States had proposed reform, but legislation was 'unlikely during an election campaign'.

Millions of pounds have been pumped into the industry on Teesside by private investors over the past five years and earlier this month regional development agency One NorthEast pledged £1.7m over the next three to persuade global producers to invest in sustainable production of both biodiesel and bioethanol in the North-east.

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