

EU exec eyes dumping duty on U.S. biodiesel: sources

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By Darren Ennis

BRUSSELS (Reuters) - The European Commission plans to propose anti-dumping and anti-subsidy duties on imports of biodiesel from the United States, sources familiar with the proposal said on Thursday.

In a separate move which is also likely to agitate sensitive transatlantic trade relations, a probe by the EU executive into a U.S. clampdown on European online gambling firms is expected to recommend action at the World Trade Organization, sources familiar with the probe's findings said.

But the sources said Brussels, which oversees trade policy for the 27-nation bloc, would try to reach agreement with the new U.S. government before taking any case to the global trade watchdog in a bid to avert a possible trade war with Washington.

The anti-dumping duties on U.S. biodiesel would range from 2 euros (\$2.50) to 19 euros per 100 kg and the anti-subsidy duties from 23 to 26 euros per 100 kg, the sources told Reuters.

The Commission is due to propose the measures at a meeting on March 3 of EU national trade officials, known as the anti-dumping committee.

If it is agreed to impose the so-called "provisional measures," the extra duties will take effect one month later and remain in place for up to six months when the Commission must then decide whether to propose "definitive" duties which normally last for five years.

Definitive duties must be approved by EU governments before coming into force. Diplomats in Brussels said proposing both types of duties was highly unusual.

SPLASH AND DASH

Traders said prices for rapeseed oil, the main component for European biodiesel output, rose by five euros a ton in the Rotterdam/Hamburg market to 605 euros a ton for May-June delivery after the Reuters story. A trader at a German biodiesel producer said: "The report caused considerable turbulence in the market today. No one was willing to make sales offers for biodiesel," he said.

In April last year, EU producers of biodiesel -- by far the main biofuel produced in Europe -- complained that they were being hammered by U.S. subsidies that they said distorted the growing international trade in plant-based fuels.

They claimed they were being hammered by U.S. subsidies for so-called B99 -- biodiesel with small amounts of mineral diesel -- that were distorting global trade rules.

But the U.S. government under George Bush and U.S. biodiesel industry said the European complaint is a "protectionist ploy."

Imports from the United States into Europe are larger than from any other country and increased from about 7,000 tons in 2005 to over 1.5 million tons last year.

EU producers say exporters in the United States are involved in what they describe as "splash and dash" whereby they import cheaper biodiesel from countries such as Brazil and

add less than five percent of U.S. mineral diesel so they can pick up the subsidy from Washington before exporting to Europe.

The EU has long encouraged the production of so-called "green" biofuels -- once hailed as a way of reducing the world's reliance on crude oil and slowing climate change

But many scientists and environmental groups contend that their production has contributed to food price inflation, depleted rainforests and failed to save substantial greenhouse gas emissions.

(Additional reporting by Mike Hogan in Hamburg and Sybille de La Hamaide, editing by Dale Hudson and Peter Blackburn)