

Second crackdown on US biodiesel could be 'significant' - traders

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HOUSTON (ICIS news)--A second European complaint against US biodiesel imports could land another significant blow against the US biodiesel industry, sources said on Monday.

The European Biodiesel Board (**EBB**) said it will file a formal "anti-circumvention" complaint with European Union trade authorities against US biodiesel suppliers it accuses of skirting tariffs put in place **earlier this year**.

In March, the European Commission implemented anti-dumping and countervailing duties of €213-409/tonne (\$318-610/tonne) on US biodiesel imports of B20 (20% biodiesel, 80% mineral diesel) or higher from producers Archer Daniels Midland (ADM), Peter Cremer and Cargill, among others. This came after the EBB complained that US producers, who receive a \$1/gal blending tax credit, enjoyed an unfair sales advantage.

Although the tariffs severely reduced the volume of US biodiesel reaching Europe - and crippled US biodiesel sales in the process - some US companies started **shipping product** at blends of B19 or less, or shipping product to Europe via third-party countries, a practice the EBB called unfair and now wants abolished.

"Market players need to be aware that the **EBB will oppose circumvention and fraud by all means**. If and when established, these practices will lead to heavy and retroactive financial penalties," EBB Secretary General Raffaello Garofalo said in a press release.

The National Biodiesel Board (**NBB**), which represents the US biodiesel industry, did not immediately respond to calls for comment.

US biodiesel traders had mixed opinions as to whether the EBB's renewed complaints against US imports would cause major damage to their industry, partially because of scarce data on the amount of biodiesel being shipped to Europe at blends below B20.

Some traders said that with domestic demand weak, any loss of sales could be painful.

"This would be a big deal. There is a significant amount of biodiesel going to Europe as B19," said one trader who requested anonymity due to close ties to the US producers involved in the complaint.

But other traders and producers said US companies were following the existing tariff rules and could not be punished further.

Also, current exports to the EU were now too small to make a significant dent in business if cut, these sources said.

"Everyone here is more worried about RFS2," a second trader said, referring to the proposed renewable fuel mandate the US Environmental Protection Agency (**EPA**) is **now considering**. (\$1 = €0.67)

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