

EU/US

Commission set to impose anti-dumping duty on biodiesel By Brian Beary in Washington | 27 February 2009

A decision to impose anti-dumping duties on US biodiesel exports to the EU is expected to be taken by the European Commission. An announcement would be made on 12 March, a Commission spokesman told *Europolitics*, on 25 February. While he would not confirm what that decision would be, news agencies and one industry source are reporting that duties will be imposed provisionally. The measure would last for four months but could be made more permanent if EU member states agree.

Under EU anti-dumping rules, the Commission can impose a tariff per quantity of biodiesel imported if it determines the US is unfairly subsidising biodiesel exports, that such exports are being sold below cost in the EU, and that this has caused injury to EU industry. The level of anti-dumping duty being considered is thought to range from ten US cents to 89 US cents per gallon against the tax credit given to US exporters of a dollar per gallon. If the US concludes such duties are not justified, it can respond by filing a complaint with the World Trade Organisation.

The move is the result of an investigation launched by the Commission, on 13 June 2008, in response to a complaint from the European Biodiesel Board (EBB), which represents EU biodiesel producers. US biodiesel exports to the EU have surged in recent years, from 700 tonnes in 2005 to 1.5 million tonnes in 2008. The EBB says this is because they are being unfairly subsidised. This tax credit was due to expire on 31 December 2008, but the US Congress last October extended it until 31 December 2009 by grafting a clause onto the entirely unrelated US\$700 billion financial bailout package. EU biodiesel producers claim the subsidy has forced them to slash their profit margins and shut down production.

US INDUSTRY DEFENDS SUBSIDY

But US biodiesel exporters dispute this claim. While admitting that some European biodiesel producers are hurting, they say this is due to domestic policies, not because of the US tax credit. Manning Feraci, vice-president of federal affairs at the National Biodiesel Board, told *Europolitics*, it was «unfortunate» the Commission was poised to impose duties, but they would continue making their case in the run-up to a decision in July on the more long-term imposition of duties. «This is just one step in an ongoing process. Ultimately, the fact remains that US competition is not causing harm to the European biodiesel industry, the data proving this are before the Commission, and we hope that the final outcome will reflect this fundamental fact.» He stressed how under anti-dumping rules the Commission must prove not merely that the EU industry is hurting, but that the US subsidy has caused this.

The tax credit is due to expire at the end of this year, but US biodiesel blenders will be lobbying Congress to extend it. Most US biodiesel is produced from soy, although canola, restaurant grease and animal fat are also used.

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