

U.S. government says imports have not harmed EU industry (Adds reaction from USTR, biodiesel exporters, paragraphs 3-6, 14, 15)

By Darren Ennis

BRUSSELS, March 12 (Reuters) - The European Union will slap steep duties on imports of biodiesel from the United States beginning Friday, the latest in a series of frictions between the two trading giants.

For six months, while the EU completes its trade investigation, U.S. firms exporting biodiesel into the EU will have to pay anti-dumping tariffs of up to 29 percent, and anti-subsidy duties of between 29 and 41 percent, the EU said in its Official Journal.

In Washington, a U.S. biodiesel industry group called the move protectionist and maintained the duties won't be upheld.

The U.S. Trade Representative's office plans to closely monitor the next phase of the European investigation, a spokeswoman said.

"We do not believe that U.S. biodiesel imports have harmed the European biodiesel industry," Nefeterius McPherson said.

"Should any aspects of this investigation raise concerns under (World Trade Organization) rules, we will consider further action at the appropriate time," she said.

The combined temporary duties are between 211.20 euros (\$269.9) and 237.00 euros per tonne for the anti-subsidy duties and 23.60 euros to 208.20 euros per tonne for the anti-dumping measures, the European Commission said in a statement.

The EU executive, which oversees trade policy for the 27-nation bloc, must decide within the next six months whether to impose "definitive duties," which would last at least five years. That step would need approval by EU trade ministers.

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

TRADE SPATS

The biodiesel duty is the latest trans-Atlantic trade spat to dog relations between Brussels and Washington, ranging from EU bans on imports of U.S. chicken and beef to U.S. action against European gambling firms.

The U.S. biodiesel industry said the EU decision was "flawed" and would not stick when the European Commission considers whether the imports have harmed EU producers.

European producers have high costs, meaning biodiesel from Argentina and Southeast Asia will replace U.S. imports in Europe, said John Plaza, chief executive of Imperium Renewables, a Seattle, Washington company that stands to suffer some of the heaviest duties.

"This act of protectionism does nothing to help and only transfers the issues," Plaza said in a statement to Reuters.

A Commission spokesman said the duties "are not about protectionism, they are about fighting unfair trade".

The Commission began its investigation after EU producers complained they were being hammered by U.S. subsidies.

The European Biodiesel Board said the Commission's decision was "a decisive move for the European biodiesel industry".

For the antidumping decision click on: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:067:0022:0049:EN:PDF>

For the anti-subsidy decision click on: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:067:0050:0084:EN:PDF>

For a factbox, click on ID:nLC585295

For an analysis, click on ID:nLB725730 (Additional reporting by Roberta Rampton in Washington and Timothy Gardner in New York; editing by James Jukwey, Sue Thomas and David Gregorio)

<http://www.guardian.co.uk/business/feedarticle/8400647/print>