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Biodiesel Subsidies Start Transatlantic Trade Row



The "green" fuel is causing an ugly trans-Atlantic flare-up

A European biodiesel lobby called for an EU investigation into subsidized exports of US biodiesel, which it said undermined the industry in Europe. The US says it will hit back.

The European Biodiesel Board (EBB) said the European market was being flooded with US exports of a 99-percent biodiesel blend, B99, which can receive a subsidy of \$300 (192 euros) per ton.

On top of the US aid, exports of the B99 blend are also eligible for a subsidy in Europe as well.



Lobbyists in Europe say the US is squeezing European producers' profit margins. The lobby said the subsidies were squeezing European producers' profit margins, "putting most of them out of business" and leaving capacity idle.

"In view of the critical circumstances prevailing on the EU biodiesel market, the EU biodiesel industry is urging the European Commission to initiate an anti-dumping and anti-subsidy investigation, with a view to impose as soon as possible countervailing measures against US 'B99' exports," it said.

The commission must examine the request before it can decide on opening an investigation, which would be necessary before any WTO action could be pursued.

Americans see hypocrisy



The US says it will hit back against any trade barrier that hurts its producers. The head of the National Biodiesel Board, a US biodiesel group, said, however, that the EU is embarking down a protectionist path and that his organization would "aggressively challenge" any kind of trade obstacle put in place by the EU.

"It's hypocritical for the European Biodiesel Board to cry foul while they benefit from a blatant trade barrier," Manning Feraci, vice-president of federal affairs at the National Biodiesel Board, said in a statement.

He said EU biodiesel fuel specifications were discriminatory and did not conform to World Trade Organization rules. He said European rules gave preferential treatment to European producers.

Biofuel controversy

Biodiesel is produced from vegetable oils or fats -- including used cooking oils -- with properties similar to gasoline-based diesel.



Some are asking if biofuels are more trouble than they're worth?

The use of biofuels has come under growing attack recently in both the United States and Europe, where they have been blamed for helping to drive food prices to record highs by using up farmland that could be used for food crops.

As a result, the European Union has faced growing pressure to reconsider a target for biofuels to make up 10 percent of all vehicle fuels in the 27-nation bloc by 2020.

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