

EU biodiesel firms probe new loophole on US import duties

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European biodiesel makers welcomed Monday an EU decision to stem the evasion of anti-dumping duties on subsidized US biodiesel by exports via Canada, but said companies may now be using Indian ports to skirt the EU trade curbs.

EU politicians voted Thursday to extend existing anti-dumping duties on US "B99" biodiesel to Canada and to include imports of US biodiesel blends below a 20% threshold.

Effective from August 13, 2010, the retroactive decision will levy maximum combined anti-dumping and countervailing duties of Eur409.20/mt (around \$589/mt) on imports of biodiesel from Canada.

"The anti-circumvention measures adopted by the European Council represent a decisive move to ensure that the remedial effect of the EU duties on US biodiesel is fully maintained over time," European Biodiesel Board Secretary General Raffaello Garofalo said in a statement.

The EBB said, however, that it is now investigating new trans-shipment routes for subsidized US biodiesel, particularly via India, as new trade patterns emerge.

"India is of particular concern," Amandine Lacourt, the lobby group's deputy secretary general said. "We've seen some shipments [of biodiesel] to India from the US and at around the same time exports from India to Europe, this all looks relatively suspicious to say the least."

SINGAPORE TRADE CLEARED

The EC launched an investigation in August last year to determine whether antidumping duties imposed on US B99 biodiesel were being circumvented.

The probe followed a request by EBB which says the US biodiesel is reaching Europe without paying antidumping duty, either through triangular trading with countries like Canada, or through the import of B19, a mixture of 19% biodiesel and 81% gasoil which does not incur antidumping duties.

First levied in March 2009, the antidumping duties initially stemmed a rising tide of US biodiesel imports into Europe which benefit from a subsidy of \$1/gal (\$300/mt) if blended with traditional diesel.

But the measure was later hampered by the imports of lower blends of biodiesel, as well as by imports of US diesel trans-shipped via Canada, the EBB says.

The EC says imports of biodiesel to the EU from Canada fell to 90,000 mt last year, down from 140,000 mt in 2009.

The new regulations adopted last week conclude, however, that much of the total is still not sourced from domestic suppliers.

"The reconciliation of statistics with the data obtained from the cooperating producers showed that Canadian biodiesel producers could not have produced the volume exported from Canada into the EU," the EU decision states.

"This therefore strongly suggests that the surge of imports from Canada into the EU relates to exports of US biodiesel consigned from Canada."

For US companies already investigated in 2009 for transshipments of biodiesel and lower blends, the EC said the combined per-company duties ranging from Eur213.80 to Eur409.20/mt will apply.

It said other US companies will be subjected to the highest combined duty of Eur409.20/mt, in proportion to the biodiesel content in the blend.

Lacourt said the EBB plans to ask Brussels to launch further action to extend the duties if it finds a "consistent pattern of circumvention" with US shipments via Indian ports.

The EU probe into evasive trade cleared biodiesel imports from Singapore, on the grounds that the shipments to the EU were found to be small and of genuine Singaporean origin.

The EBB also said it continues to work with the EU Anti-Fraud Office in a parallel investigation to the commission's probe on biodiesel trade.

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