

April 29, 2008 Tuesday 9:20 AM GMT

US subsidies killing off EU **biodiesel** producers, trade group complains

BYLINE: Leigh Phillips

LENGTH: 522 words

While the pressure on biofuels increases globally over concerns that the alternative energy source contributes to global warming and the food crisis, European and American **biodiesel** producers are caught in their own internecine dispute over subsidies.

Over the weekend, the European **Biodiesel** Board - the European **biodiesel** producers trade association, whose members manufacture some 80 percent of the union's biofuels - registered a complaint with the European Commission over "unfairly subsidised" US **biodiesel** exports.

American subsidies since last year have led to: "a dramatic surge in US **biodiesel** exports to the EU, thus creating a severe injury to the EU **biodiesel** industry," the group said in a statement.

The EBB is concerned that American 'B99' blended **biodiesel** can be subsidised up to €200 a tonne after adding only a "drop" of mineral diesel to the mix - a ratio of 99.9 percent pure **biodiesel** to 0.1 percent mineral diesel.

This biofuel cocktail can then be exported to Europe as 'pure' **biodiesel**, where it is also eligible to European subsidy schemes, the group complains, undercutting European producers.

Around the world, the 'B' measurement is used to state the amount of **biodiesel** in any fuel mix. So fuel containing 20 percent **biodiesel** is labelled 'B20', while pure **biodiesel** will be labelled 'B100'. 'B99' is very common, as just one percent mineral diesel in the mix is toxic enough to prevent mould growing in the fuel.

The B99 rule has progressively disrupted the margins of European **biodiesel** producers, putting most of them out of business, says the EBB.

This meant that EU **biodiesel** production capacity went largely unused in 2007, and production has increased at a much lower rate than in the previous years.

As a result, the EBB on Friday presented a joint anti-subsidy and anti-dumping complaint to the European Commission services, urging the commission to initiate an investigation.

The group wants countervailing measures imposed against US B99 exports to the EU imposed "as soon as possible."

"Subsidised B99 exports are a trade practice that is not only breaching WTO rules but also threatening the very concept of international trade in **biodiesel**," said the group.

For its part, the US **biodiesel** industry has threatened to challenge "discriminatory" EU **biodiesel** specifications in retaliation.

"Our industry will aggressively challenge existing EU trade barriers - such as the EU's discriminatory **biodiesel** fuel specification - and other EU biofuel policies that are inconsistent with WTO rules and provide preferential treatment to European fuel producers," said the US National **Biodiesel** Board (NBB).

Manning Feraci, a vice-president with the NBB said the EBB was "playing politics and engaging in heated rhetoric."

"The supposed woes facing the European **biodiesel** industry have nothing to do with US

exports," she said. "The EBB's membership produce fuel from a more expensive feedstock than American producers and the cost of that feedstock has significantly increased."

Ms Feraci also blamed "changes in EU member state policies unfavourable to the biofuels industry [that] have impacted European producers."

April 26, 2008 Saturday
National Edition

U.S., **EU** exchange threats over **biodiesel** subsidies; Barriers to trade; European board requests punitive duties

BYLINE: William Schomberg And Missy Ryan, Reuters

SECTION: FINANCIAL POST; Pg. FP20

DATELINE: BRUSSELS/WASHINGTON

European **biodiesel** producers kicked off a new transatlantic trade row yesterday when they asked Brussels to impose punitive duties on U.S. **biodiesel**, and their U.S. rivals said they would hit back.

With demand for plant-based fuels starting to soar as the world seeks ways to fight climate change, the European **Biodiesel** Board (EBB) said companies in the European Union were going out of business because of unfair U.S. subsidies.

"Since 2007, as a result of these measures, there has been a dramatic surge in U.S. **biodiesel** exports to the **EU**, thus creating a severe injury to the **EU biodiesel** industry," the EBB said in a statement.

The EBB said it was formally requesting the **EU's** executive commission to hit U.S. imports with anti-dumping and anti-subsidy duties.

The **EU** has set itself a target of using biofuel for 10% of its transport fuel by 2020, something that will require large amounts of imports, **EU** officials say.

The European industry has long complained that U.S. subsidies for "B99" **biodiesel**, which is blended with small amounts of mineral diesel,

break World Trade Organization rules.

The U.S. exports are also eligible for **EU** subsidies.

The head of a U.S. **biodiesel** group accused the **EU** sector of trying to use litigation for protectionist ends and said his group would "aggressively challenge" **EU** trade obstacles.

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

He said **EU biodiesel** fuel specifications were discriminatory and inconsistent with WTO rules.

"Our industry will aggressively challenge existing **EU** trade barriers -- such as the **EU's** discriminatory **biodiesel** fuel specification -- and other **EU** biofuel policies that

are inconsistent with WTO rules and provide preferential treatment to European fuel producers," Mr. Feraci said in a statement.

The European producers have previously said they would seek to hit U.S. imports with duties. Yesterday's complaint starts the clock on the **EU** procedure for handling such cases.

The European Commission has 45 days from receipt of a complaint to decide whether to launch investigations. It would then have up to nine months to impose duties provisionally if it finds evidence that trade rules were broken. Those duties may eventually be made definitive, usually lasting five years.

"We will look at it very carefully," said Peter Power, a spokesman for Peter Mandelson, the **EU** Trade Commissioner, referring to the European industry's complaint yesterday. "We will not under any circumstances tolerate unfair trade."

The International Herald Tribune

April 26, 2008 Saturday

U.S. **biodiesel** exports under attack in Europe; BRIEFING: BRUSSELS:

SECTION: FINANCE; Pg. 16

LENGTH: 101 words

European **biodiesel** producers said they were asking the European Commission to impose punitive duties on **biodiesel** imports from the United States, potentially starting a new trans-Atlantic trade dispute.

The European **Biodiesel** Board said that U.S. subsidies for "B99" **biodiesel**, which is blended with small amounts of mineral diesel, breached World Trade Organization rules and threatened the growing trade in **biodiesel**.

"Since 2007, as a result of these measures, there has been a dramatic surge in U.S. **biodiesel** exports to the **EU**, thus creating a severe injury to the **EU biodiesel** industry," the EBB said.

April 26, 2008 Saturday

Financial: Trade war brewing over US biofuel subsidies: **EU** producers demand duties on 'splash and dash' imports

BYLINE: David Gow, Brussels

SECTION: GUARDIAN FINANCIAL PAGES; Pg. 34

European **biodiesel** producers triggered a fresh transatlantic trade war yesterday by urging the **EU** to impose punitive duties on cheap imports from the US.

Low-priced imports of biofuels, as part of the so-called "splash and dash" trade, are putting many European producers out of business, the industry group claims.

Their American rivals immediately hit back by urging the federal government to take action against any protective measures for the European industry.

The row comes as oil prices have risen to new highs this week, close to \$120 (£60) a barrel, and world food prices have surged partly as a result of pressure on land from biofuel production.

The European **Biodiesel** Board (EBB) said it had lodged a complaint with the European commission over competition from the US that was putting **EU** producers out of business. It wants duties on "B99" **biodiesel** exports (**biodiesel** with 1% petroleum diesel), claiming they are unfairly subsidised and then dumped in the **EU**, where they can win new subsidies.

US **biodiesel** exports are subsidised by up to \$300 a tonne. Some trading firms have also been shipping biofuels to the US, where they add a "splash" of mineral diesel to qualify for the subsidy and then send the fuel back to the **EU**. These exports have risen dramatically since last year, causing what the EBB calls "severe injury" to European producers.

This month D1 Oils, a leading but loss-making UK producer, said it would shut all its British refining operations as a direct result of cheap imports. D1 said the economics of the business were now so poor that it would be lucky to make much on the disposal of its sites.

Elliott Mannis, D1 Oils' chief executive, said it was "extremely frustrating" that the company had been forced to bow out of refining because nothing had been done to stop the deluge of B99 **biodiesel** from the US. "It's an unbelievable situation and there is no end in sight," he added.

Brussels sources indicated the EBB had a strong case on the face of it. It is understood that Peter Mandelson, the **EU** trade commissioner, and Susan Schwab, the US federal trade envoy, have held talks on the issue, but failed to reach a deal.

Mandelson's spokesman said: "We've had extensive contacts with the EBB over several months. We're glad that they have finally submitted their request and will examine it thoroughly . . . We will not tolerate unfair trade."

But Manning Feraci, vice-president of federal affairs at the National **Biodiesel** Board in the US, said: "It is hypocritical for the EBB to cry foul while they benefit from a blatant trade barrier." **EU biodiesel** fuel specifications were discriminatory and breached World Trade Organisation rules, he said, threatening to lodge a counter-complaint with Schwab.

The **EU** and US are embroiled in several high-profile and long-standing trade wars, including over beef and poultry imports from the US, genetically modified seeds and foods and, above all, subsidies for the rival plane-makers Airbus and Boeing.

This latest row comes as the US is stepping up **biodiesel** production as an antidote to dependence on imported crude, while the **EU** is having second thoughts about its target of using biofuels for 10% of transport fuels by 2020 because of the impact on food prices and land use.

The commission has 45 days to examine the EBB complaint and a further nine months to impose provisional duties - unless Mandelson and Schwab, desperately but forlornly trying to revive the stalled Doha round of WTO talks on trade liberalisation, can cut a deal.

The idiocy of trade wars

LENGTH: 317 words

Apr. 27, 2008 ([Adam Smith Institute blog](#) delivered by Newstex) --

We have the threat of another trade war **looming**: European **biodiesel** producers triggered a fresh transatlantic trade war yesterday by urging the **EU** to impose punitive duties on cheap imports from the US. Low-priced imports of biofuels, as part of the so-called "splash and dash" trade, are putting many European producers out of business, the industry group claims.

Now yes, the subsidies being complained of are indeed pretty silly, and they're paid out in an even sillier manner. Plus of course the whole idea of biofuels has been pretty comprehensively shown to be positively harmful to the environment rather than beneficial, at least at current levels of technology.

But the idea of a trade war over it is boneheaded. There are two possibilities here.

The first that we should not have biofuels at all, in which case certainly we shouldn't be encouraging domestic production. Alternatively, we should indeed be using biofuels, in which case we want the cheapest ones for our fellow **EU** citizens to use: the cheapest possible, for that is what makes our fellow citizens richer, that they have the money saved to do something else with.

Whether those cheapest possible fuels come from a technological advance (either at home or abroad), from some playing out of a comparative advantage (Brazil and sugar cane for example) or an entirely stupid government subsidy elsewhere matters not. It's cheaper than we ourselves can make it? Excellent, we'll take it and we'll have another two tanker loads tomorrow as well please and four for the weekend.

Think through what is actually happening here: the American taxpayer is making it cheaper for us Europeans to drive, farm and transport our goods. I could understand an American taxpayer complaining about this, but from our point of view, what's not to like?

Newstex ID: SMIT-0001-24815664

April 28, 2008 Monday

News in brief

SECTION: Markets; Pg. 19

LENGTH: 486 words

EU biodiesel complaint

EUROPEAN Union **biodiesel** producers filed a formal complaint with the European Commission against US imports of the alternative fuel, Bloomberg reports.

Producers claim subsidised dumping of US B99, a blend of diesel and **biodiesel**. US **biodiesel** producers get subsidies of as much as \$300 per tonne by adding a drop of conventional diesel, to sell biofuel blends with as little as 0.1% diesel. They get further subsidies when they export to the **EU**, producers said.

A booming market in biofuels exports from South America is propping up demand for the chemical tanker trade, with 1.2m tonnes of **biodiesel** imported into the port of Rotterdam last year. It is estimated that **EU** vegoil imports will reach 10.3m tonnes this year.

April 28, 2008 Monday 10:39 AM EST

Grow your own

BYLINE: Richard

LENGTH: 788 words

Apr. 28, 2008 ([EU Referendum](#) delivered by Newstex) -- What is intensely frustrating writing for this blog is that far too often you pick up what looks like an interesting story from one of the news sources but then find it lacks the essential detail needed to put it into context or clarify the issues.

Innocently, you start looking for the missing information in what should take just a few minutes and, before you know it, hours have elapsed and you are none the wiser. A simple little research job becomes a marathon.

Such is the case with the latest, highly entertaining spat between the EU commission and the USA over the alleged dumping of **biodiesel** on the European market. This we reported on [earlier](#) and, according to [diverse sources](#), the situation has now developed to a point where European **biodiesel** manufacturers have filed an official complaint to the commission and are expecting it to take action through the WTO.

At the heart of the dispute, as readers will recall, is the US law which applies to American **biodiesel** producers, which allows them to make the so-called "B99" blend which then qualify for subsidies of approximately 200 per ton.

This blend, which contains as little as 0.1 percent or less of mineral diesel can then be resold in Europe as pure **biodiesel**, where it is again eligible for European blending subsidy schemes. According to the European **Biodiesel** Board (which represents 56 companies and associations, responsible for 80 percent of biofuel production in the EU), the process allows US exporters to undercut EU prices some say by as much as 30 percent. Then, the weak dollar is adding to the US advantage.

The EBB already tried this on [last year](#) (also including Argentina), when it complained that, if the distortions were allowed to continue, it could lead to the export of over half a million tons of B99 by the end of 2007.

By then, according to [EBB estimates](#), the European industry would have been producing 10.3 million tons (a figure calculated on 1 July 2007), up from 4.9 million tons in 2006, with Germany in the lead, making 4.4 million tons of the stuff.

However, if we are to take the [Wall Street Journal](#) at face value, EU officials and industry sources admit US producers are probably safe from any action.

Under WTO rules, retaliation against dumping is allowed only if a foreign subsidy affects 25 percent of overall production. Imports of US **biodiesel** to Europe, it says, came to about one million tons last year, "or less than 20 percent of the total EU consumption of 6 million tons."

Immediately one can see here a disparity between the EBB's projection of half a million tons, and the WSJ claim of one million imports, and the overall consumption figure, compared with the EBB's estimate of 10 million tons of European productions.

On the face of it, the European producers do not have a case but, what we do not get any sense of the current situation, which might explain why the producers are taking what seems to be a doomed course of action.

We might get some idea if we could establish what was happening to the industry. For instance, we did [report earlier](#) that the German industry was in a state of collapse, owing to the onslaught of the US imports and as a result of changes to the German tax system, which were making **biodiesel** more expensive than the mineral equivalent.

More recently we get [some intimation](#) that things are awry, with news that the US NTR group has lost up to 35 million "after the collapse of a German **biodiesel** venture, which has filed for insolvency as a result of regulatory and tax changes in that market."

But, as for hard detail on what precisely is going on, this is proving elusive to put it mildly. EBB figures stop in July last year and go no further. Anything we can find from other sources (official or unofficial) is contradictory, out of date, or both. Clearly, there are quite serious problems in the European **biodiesel** industry, but the extent of those problems is unknown.

The ultimate irony here is that the picture that is presented is not a healthy one more of an industry with acute structural problems that is contracting rapidly. Yet this, along with the (supposedly) emerging ethanol industry, is at the heart of the EU's renewable fuels strategy, and absolutely essential if the EU is going to meet its 10 percent target for 2020.

At the moment though, it does not look as if the EU is anywhere near being able to deliver indicating at, as so often, we have another grandstanding policy initiative (remember the Lisbon strategy?) that turns out to be empty rhetoric. It looks like the only way we are going to get any **biodiesel** as another EU policy bites the dust is to grow our own.

[COMMENT THREAD](#)

EU **biodiesel** lobby urges anti-dumping probe into US exports

LENGTH: 263 words

DATELINE: BRUSSELS, April 25 2008

A European **biodiesel** lobby called for an EU investigation Friday into subsidised exports of US **biodiesel**, which it said were undermining the industry in Europe.

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

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

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.

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

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.