

Tue Mar 3, 2009 8:20am EST

BRUSSELS, March 3 (Reuters) – A key European Union trade panel approved on Tuesday temporary anti-dumping and anti-subsidy duties on imports of biodiesel from the United States, sources with knowledge of the decision said. “It went through with no problem,” one source told Reuters on condition of anonymity after a meeting of the EU’s anti-dumping committee of 27 national trade diplomats.

From March 13, US firms exporting biodiesel into the EU will have to pay additional tariffs for an initial six months, ranging from 26 euros (\$32.88) to 41 euros per 100 kg.

Archer Daniels Midland (ADM.N) will face duties of 26 euros per 100 kg, Cargill (CARG.UL) 27 euros per 100 kg, Imperium Renewables 29 euros per 100 kg, Green Earth Energy Fuels 28 euros per 100 kg and World Energy Alternatives 29 euros per 100 kg.

Peter Cremer North America and most other US biodiesel companies exporting to Europe will pay 41 euros per 100 kg.

The duties remain for up to six months. The executive European Commission must then decide whether to propose “definitive” duties, which normally last five years. Definitive duties must be approved by EU governments to enter into force.

Brussels began a probe into the imports last year following a complaint from EU producers of biodiesel – by far the main biofuel produced in Europe – who said they were being hammered by US subsidies.

Such subsidies distort the growing international trade in plant-based fuels, the EU producers said.

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

The US government under then-president George W Bush and US biodiesel industry had called the European complaint a “protectionist ploy”.

EU producers are particularly unhappy with subsidies for so-called B99 – biodiesel with small amounts of mineral diesel – that they said were distorting global trade rules.

The EU firms say exporters in the United States are involved in so-called “splash and dash”, whereby they import cheaper biodiesel from countries such as Brazil and add less than 5 percent of US mineral diesel so they can pick up the subsidy from Washington before exporting to Europe.

The EU has long encourage the production of so-called “green” biofuels – once hailed as a way of reducing the world’s reliance on crude oil and slowing climate change.

Many scientists and environmental groups contend that their production has contributed to food price inflation, depleted rainforests and failed to save substantial greenhouse gas emissions.

(Reporting by Darren Ennis, editing by Dale Hudson)

### **FACTBOX: EU Panel Approves Duties on US Biodiesel**

(Reuters) – A key European Union trade panel has slapped anti-dumping and anti-subsidy duties on imports of biodiesel from the United State, sources with knowledge of the decision said Tuesday.

#### Who pays what?

Daniels Midland will pay 26 euros per 100 kg

Cargill 27 euros per 100 kg

Imperium Renewables 29 euros per 100 kg

Green Earth Energy Fuels 28 euros per 100 kg

World Energy Alternatives 29 euros per 100 kg

Peter Cremer North America 41 euros per 100 kg

Most other US biodiesel companies exporting to Europe will pay around 41 euros per 100 kg

#### ***When do the duties come into force and for how long?***

The duties will be published in the EU’s Official Journal on March 12 and will come into force the next day (March 13).

They will remain in place for up to six months when the Commission must then decide whether to propose “definitive” duties, which normally last for five years. Definitive duties must be approved by EU governments before coming into force.

***What is an anti-dumping and anti-subsidy duty?***

“Dumping” is the act of charging a lower price for a product in a foreign market than is charged for the same product in a domestic market, otherwise known as selling at less than “fair value.”

Anti-subsidy duties, also known as “countervailing duties,” are imposed on imports from countries that award unfair financial subsidies to their domestic manufacturers within a particular industry.

Under World Trade Organization (WTO) rules, both practices are not prohibited, but are frowned upon. A country or region may take retaliatory action if it feels it has suffered material injury to its own industry.