

WRITTEN QUESTION P-1488/09
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to the Commission

Subject: Question to Commissioner Ashton about the dumping of biodiesel from the USA on the European market

The EU has been for many years the leading worldwide biodiesel producing region (more than 60% of world biodiesel output was produced in the EU last year).

From the beginning of 2007, however, EU biodiesel production has been adversely affected by subsidised and dumped biodiesel exports from the United States of America, referred to as 'B99'.

US legislation ensures that when biodiesel is blended with conventional diesel, it qualifies for a subsidy of \$1/gallon. In a 'B99' blend, the proportion of conventional diesel is often lower than 0.1% and the subsidy as high as \$300/tonne (some €230/tonne). This subsidy is also granted when US biodiesel is exported to other countries.

The above provisions have resulted in a surge of US biodiesel exports to Europe. While in 2006 US biodiesel exports to EU were only 90-100 000 tonnes, more than 1 million tonnes of US biodiesel were shipped to the EU in 2007, and this figure will reach at least 1.5 million for the year 2008. This means in practical terms that nearly 80% of all biodiesel produced in the US is sent to the EU.

As a result of the \$1/gallon subsidy granted in the US and the reported dumping practice, US 'B99' biodiesel is sold at a high discount on the EU market, therefore severely undercutting EU biodiesel producers' margins. Often US biodiesel is sold in Europe at a lower price than the main raw material used for its manufacturing (vegetable oil).

Is the European Commission considering the rapid imposition of dissuasive countervailing/anti-dumping measures against these unfair US trade practices?

If measures are applied against US B99, will the European Commission investigate likely and already reported circumvention practices, whereby US biodiesel would be transshipped via other countries (possibly Argentina, Mexico, Norway, Turkey, etc.) before being exported to Europe? How quickly can anti-circumvention measures be taken in that event?