

EBB Press Release

The EU biodiesel industry welcomes the Commission's initiation of the anti-subsidy investigation targeting unfair Argentinean biodiesel exports



Following a complaint lodged by EBB, the EU Commission initiated today an anti-subsidy investigation targeted at heavily subsidised Argentinean biodiesel exports. After the downward revision in September of 2017 of anti-dumping duties on imports of biodiesel from Argentina, protective measures against Argentinean highly subsidised exports are needed with urgency.

The EBB took the decision to lodge the case after the Commission, following a recent WTO Appellate Body's ruling, lowered the duties on Argentinean biodiesel imports through Regulation 2017/1578 of 18 September 2017. The revised levels of duties are clearly insufficient against the massive imports of unfairly traded Argentinean biodiesel, already resulting in severe damage to EU industries. Multiple sources, including the Argentinean association of biodiesel producers, CARBIO, confirmed that over 600.000 tonnes of Argentinian SME have already been exported to the EU since end of September 2017. Massive Argentinean unfair exports that have been blocked by US anti-subsidy duties in September have been diverted in an enhanced flood to the EU, which makes the situation even more critical.

The notice of initiation of the anti-subsidy case, published today in the 'EU Official Journal', represents a positive step for the EU biodiesel industry, but EU trade defence measures are needed urgently. *"The EU producers are facing a massive surge in biodiesel subsidised exports from Argentina, that may bring overall imports from Argentina well beyond 2-2,5 million tonnes over the year 2018: this would be unacceptable. We are simply unable to compete with the heavily-subsidised, cheap Argentinean product, which is often sold at a price below biodiesel's raw materials. We are witnessing a worsening of the déjà-vu – i.e. of the flooding of the EU biodiesel market with under-priced Argentinean SME that happened 5 years ago and soon in 2018 we may face the same situation also from Indonesia"* – said Raffaello Garofalo, EBB's Secretary General.

Background:

Argentina and Indonesia apply a tax on exports of the raw materials (soybean and palm oil), which largely exceeds the tax on exports of final processed biodiesel, discouraging exports of raw materials in favour of exports of biodiesel. This allows the domestic biodiesel industry to benefit from raw materials at significantly and artificially reduced prices, reducing its costs of production and conferring its domestic industries of biodiesel with a substantial - and unfair - advantage in relation to their competitors abroad. Following a legal complaint lodged by EBB in 2012, the definitive anti-dumping measures against unfair biodiesel imports from Argentina and Indonesia have been imposed for a period of five years via EU Regulation 1194/2013, published on November 26th, 2013. Argentina lodged a complaint at the WTO in December 2013. Following the WTO Appellate Body's report that was published in October 2016, the European Commission had been given until August 10th, 2017 to ensure the EU duties conform with the WTO Appellate Body's report. The EU and Argentina mutually agreed to postpone the deadline to September 28th, 2017. The EU decided to lower substantially the anti-dumping duties against Argentina, in order to conform with the WTO Appellate Body's decision. This decision by the EU Commission came into force in September 2017. In June 2014, the Indonesian government lodged a similar complaint at WTO. The WTO Panel report in the EU-Indonesia biodiesel dispute was published on January 25th, 2018.

*The **European Biodiesel Board (EBB)** is a non-profit organisation established in 1997. Today, EBB gathers close to 70 members across 21 Member-States, which represents 75% of the European output. Biodiesel is the main European solution to reduce emissions from transport and dependence on imported oil. EBB aims to promote the use of biodiesel in the European Union and is committed to fulfil International standards for sustainability in GHG emissions and sustainable feedstock. EBB is constantly working towards the development of improved and greener technologies.*