

### PRESS RELEASE

## Fraudulent biodiesel import blocked by Italian customs

*The European Biodiesel Board welcomes decisive move in the fight against EU duties circumvention*

After the imposition of anti-dumping and anti-subsidy compensatory duties on biodiesel subsidised imports from the US, since March last year, the EBB has repeatedly raised the attention of EU authorities and EU Customs on the fact that these duties are being circumvented, either via triangular trade through various countries (including Canada), or via artificial blends such as B19 or lower biodiesel blends which are imported in Europe. All of these practices are of illegal or fraudulent nature. Recently the EBB has taken strong steps towards the European Anti-Fraud Office (OLAF), the EC Commission DG TRADE and EU national customs in order to put an end to these unacceptable traffics which may represent a global fraud of more than 100 million Euros of unpaid import duties to EU customs.

In this frame, following an indication given by the EBB, at the end of last week, Italian customs authorities seized a large quantity of biodiesel. This operation, as carried out by the Custom authorities of the port of Venice was validated today by an Italian judge. The 10.000 tonnes biodiesel load was imported in the ports of Venice and Trieste mid-March. The load was declared as Canadian origin, but strong evidences indicate that it instead originates from the Unites States of America where it benefited from the US illegal subsidies.

Since late 2006, the European market had been severely affected by imports of highly subsidized and dumped biodiesel from the United States of America. In July 2009, following a complaint lodged by the European Biodiesel Board (EBB) and an investigation conducted by the European Commission services, robust anti-dumping and countervailing duties were imposed on imports of biodiesel from the US.

In the US, each gallon<sup>1</sup> of biodiesel blended with regular diesel is eligible to a subsidy of \$1. This applies without limitation in terms of biodiesel content. In other words, US biodiesel producers can receive up to \$300 per ton only by adding a "drop" of mineral diesel to biodiesel when releasing a "B99,9" blend for consumption.

The benefit of the subsidy is not limited to biodiesel produced in the US for domestic consumption but is also available upon export. As a result, before the imposition of EU anti-dumping and countervailing duties in July 2009, a B99 "blend" performed in the US could be exported to Europe where it was sold with a substantial price discount, therefore disrupting EU producers' margins.

Despite the undeniable positive effects of the EU duties, circumvention practices have started emerging soon after July 2009. US subsidized and dumped biodiesel continues to enter the EU market, either in blends lower than 20% such as B19 or, like in this case, when it is exported via third countries to artificially conceal its origin, including by using false certificates of origin.

A number of material evidences converge to indicate that the cargo seized in Venice today was part of this trans-shipment traffic. The product was namely offered with a \$150-180/ton discount compared to EU biodiesel of comparable quality, and at a lower price than the most common biodiesel raw materials (soybean oil and rapeseed oil).

With the assistance of EU authorities, EBB is determined to track and oppose any attempt to undermine the anti-dumping and countervailing duties currently in place. Market players must be aware that these practices can lead to heavy, retroactive, financial penalties as well as to penal terms.

---

<sup>1</sup> 1 US gallon = 3,78 litres