

EBB welcomes anti-circumvention investigation on biodiesel imports from Indonesia and transshipped via China and the UK

Brussels, 17 August 2023: earlier today, the European Commission officially [opened](#) an anti-circumvention investigation to address suspected evasion of EU countervailing duties on Indonesian biodiesel imports via China and via the UK, which was triggered by an EBB request in July 2023.

Since the imposition of countervailing duties on biodiesel imports from Indonesia in December 2019, the EBB has had strong indications that subsidised Indonesian palm-oil based biodiesel continues to enter the European Union (EU) market via third countries.

Growing volumes of Indonesian palm-oil based biodiesel appear to be exported to China, and then re-exported towards Europe. The Chinese Island of Hainan, located in the South-China Sea, makes an ideal green-fuel hot spot for evaders. In 2022, Hainan, which has no sizeable biodiesel capacity, surprisingly accounted for nearly a third of the 2,3 million tonnes of Chinese biodiesel declared for exports to Europe.

The EBB also has evidence that a share of this Chinese export volume of biodiesel from Hainan has further acquired UK origin before reaching its final EU destination. We believe such a pattern of trade aims to further elude the 6,5% customs duty applicable to biodiesel imports from non-preferential origins and consequently to maximize the benefit resulting from circumvention practices. UK biodiesel imports into the EU in 2021 and 2022 amounted to twice the UK biodiesel capacity, which deserves in-depth investigation.

The investigation will shine a light on operators involved directly or indirectly in any illegal circumvention practices which, if and when proven, would lead to heavy financial penalties for operators, that will be retroactively applied from the launch of this investigation.

The EBB President, Mr. Dickon Posnett, welcomes the EU decision saying that *“the EBB and the European biodiesel industry is very satisfied with the decision and fast action taken by the Commission to defend us against unfair and illegal trade practices. We cannot, and will not, allow fraudulent trading, such as circumvention, to go unchallenged. The EU industry welcomes and is ready for global competition in its drive to decarbonise transport in a fair and sustainable EU biodiesel market, but a series of fraudulent and unfair practices have severely disrupted the entire EU biodiesel market, causing us huge injury which must be repaired. And this is not the only action we are taking with the industry to address other forms of fraudulent practices. Our association remains committed, and is working with the EU Anti-Fraud Office (OLAF), to address fraudulent biodiesel imports into the EU from China, which would also entail heavy financial penalties if fraudulent practices are proven.”*

The EBB remains fully committed to fighting unfair trade and has been actively tracking circumvention attempts, new trade patterns affecting the efficacy of the duties, and any suspicious imports. The EBB estimates that operators engaged in circumvention practices could have eluded the payment of import duties totalling around € 221 million in 2022, which are a direct loss to the EU budget. Mr. Posnett warns that *“Operators should be aware that any attempt to circumvent the existing EU duties, or to bypass our rules and systems, can be investigated and remedied in the same way, in accordance with WTO regulations and with retroactive financial implications for the companies involved.”*

The **European Biodiesel Board (EBB)** is a non-profit organisation established in January 1997. We gather 34 members across 21 Member-States, representing around 70% of the European output. Biodiesel is the main European solution to reduce emissions from transport and dependence on imported oil. The EBB closely monitors the European biodiesel market, acting swiftly against unfair trade practices that could potentially harm the European biodiesel industry. It also works towards the development of improved and greener technologies, promoting the use of biodiesel in the EU, and is committed to fulfil international standards for sustainability in GHG emissions and sustainable feedstock.

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