

Dear Commissioner,

As a frontrunner in climate ambitions, the European Union has created a regulatory environment and market for biofuels. Successfully so, as the EU was the first market for biodiesel use globally. The combined EU Member States are also the largest producing bloc worldwide. The Fit for 55 objectives will only increase the demand for sustainable biodiesel (FAME, HVO and aviation fuel) in all transport sectors (road, maritime and aviation). The level of sustainability expected by EU producers and consumers is constantly growing, with biofuels leading the charge on reduction of greenhouse gas emissions in transport.

But that may not hold. If the current situation persists, the EU will lose this very industry. While China has low climate change commitments and no reliable mandatory biofuel mandates domestically, it nevertheless wants to be a major source of renewable energies in transport. Through directions and heavy support by the Chinese government, the Chinese biodiesel industry has developed over the past years to almost exclusively target the EU market. The numbers speak for themselves. Since 2020 the imports of biodiesel (FAME, HVO, HEFA) are increasing and China is now the largest importer into the EU. In 2023, 1.8 million tonnes of biodiesel from China were exported to the EU, representing more than 90% of total Chinese biodiesel exports.

Imported biodiesel from China into the EU is sold at dumped prices. Since 2023 the reference prices of biodiesel (FAME and HVO) have collapsed, affecting the EU producers and the upstream value chain. From rapeseed farmers to biodiesel producers, the EU industry is suffering from the effects of unfair Chinese trade practices. In Germany – the largest market in the EU – prices have dropped by nearly 50 percent in the past year. We have seen the GHG mandate price drop by almost 75% since Chinese unfair imports ramped up at the end of 2022.

Since the very beginning of the problem, the EU biodiesel producers (FAME, HVO and aviation fuels), represented by the European Biodiesel Board (EBB), have engaged with the authorities to stop these unfair practices from Chinese exporters and asked for measures restoring a level playing field. This model of industry-building and scale is not unprecedented and has been seen in many industries where China is building capacity. This must stop. In addition, in the specific case of biodiesel, a long-lasting suspicion of fraud adds to the case against dumping and unfair subsidies.

Production sites across the EU are operating at a loss and the Union's biodiesel production is decreasing dramatically. Sites have closed, and more will close in the coming months. Other producers are running their plants at reduced capacity, halting production temporarily and even reverting to furloughing employees. Major investments required to produce highly needed additional advanced and waste-based capacities have been halted. If the situation persists, the EU biodiesel industry may not see the end of this year as it is no longer profitable – especially for genuine advanced products that are having to compete with fraudulent and unfair Chinese imports.

The EU must be extremely firm against the Chinese governmental strategy to destroy the EU's industrial base in renewable energies and in all products which contribute to meeting the EU's

priority objectives. The EU must act now to avoid the collapse of the EU industry and its upstream agricultural sector, and the dramatic impact on jobs across the EU. The agricultural sector is already a matter of serious concern and Chinese unfair imports have lowered the rapeseed farmers revenue from around €625/tonne to around €410/tonne at a critical time of planting decisions.

Actions to be taken by the European Commission include the immediate registration of imports from China until the imposition of stiff provisional duties, as allowed by anti-dumping regulations. It is critical that measures imposed are sufficiently high, to restore a level playing field in the Union, in the light of Chinese exporters' capacity to easily absorb the duties in place and to engage in fraudulent practices.

The EU cannot allow the demand for the very products that drive GHG reductions in all transport to be met by unfair and possibly fraudulent imports; now and in the future. The Fit for 55 Package will require a huge uptake for all renewable fuels and precisely at the moment they are needed, business cases for investment have collapsed, directly threatening the economic security of the EU.

The EU must act, before it is too late.

Yours sincerely,



EBB

European Biodiesel Board

Boulevard Saint-Michel, 34 - 1040 Bruxelles

e-mail: ebb@ebb-eu.org

Tél.: + 32 (0)2 763 24 77 - Fax: + 32 (0)2 763 04 57

website: www.ebb-eu.org

Xavier Noyon, Secretary General

EBB – European Biodiesel Board
Boulevard St Michel 34
1040 Brussels Belgium