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Agricultural Situation

Import Duties for Biofuels

2006

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Report Highlights:

Data on imports of biofuels into the European Union are difficult to obtain since there is no strictly defined HS code on either bioethanol or biodiesel.

The most common HS codes for biofuel imports into the EU are 2207 for bioethanol and 3824 for biodiesel. Each has different import duties. There are also special agreements with countries that are part of the GSP program.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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[E3]

Data on imports of biofuels into the European Union are difficult to obtain since there is no strictly defined HS code on either bioethanol or biodiesel. Furthermore, the EU not only imports biofuels but also imports feedstock to produce the biofuels.

Import data on bioethanol for fuel are generally unreliable. However, Sweden has imported Brazilian bioethanol for direct blending applications, while imported bioethanol is used in France and Spain for ethyl-tertio-butyl-ether (ETBE).

According to a Commission report, the HS code for biodiesel, a relatively new product, is often questioned by the different Member States customs authorities, as well as by the market traders themselves.

It is possible and advisable to apply for a Binding Tariff Information (BTI), which is issued by the customs authorities. A BTI ensures uniform treatment of the respective product in all EU Member States. More about BTI can be found at:

http://europa.eu.int/comm/taxation_customs/common/databases/ebti/index_en.htm

The European Biodiesel Board (EBB) had requested that the Commission change the present HS code for biodiesel or find a more precise custom definition. EBB is of the opinion that Chapter 3824 of the Custom Headings is inappropriate for covering biodiesel and that a more specific and independent custom code for biodiesel should be defined. However, after discussions between the Commission services, DG TAXUD, Eurostat and the biodiesel industry, it was decided to leave the custom classification of biodiesel unchanged.

Brazil's bioethanol sales price varies in the range of €200-300/ton of oil equivalent (toe), compared to about €400/toe for the US and €750-850/toe for the EU. Transport and distribution costs are increasing in Brazil, which adds an extra €150-200/toe. The import duty to the EU adds an additional €300/toe making the costs of Brazilian bioethanol comparable to European production.

The current custom duties in force are:

- | | | |
|--------------------------|----------------------|----------------------|
| • Biodiesel | Custom Code 38249099 | Import Duty 6.5% |
| • Bioethanol denatured | Custom Code 22072000 | Import Duty €10.2/hl |
| • Bioethanol undenatured | Custom Code 22071000 | Import Duty €19.2/hl |

The above import duties do not apply to imports from countries that are part of the GSP program or from countries that have concluded Association Agreements with the EU, such as some of its neighbors, Mexico and The Association of South East Asian Nations (ASEAN) or the ACP countries.

Example on Import Duties on denatured ethanol in some other countries:

Japan	€0/hl
New Zealand	€0/hl
Canada	€4.2/hl
Brazil	€5.8/hl
US	€11.6/hl
Australia	€19.2/hl

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