



<b>National Biodiesel Board</b> 605 Clark Ave. PO Box 104898 Jefferson City, MO 65110-4898 (800) 841-5849 phone (573) 635-7913 fax	<b>National Biodiesel Board</b> 1331 Pennsylvania Ave., NW Suite 505 Washington, DC 20004 (202) 737-8801 phone <a href="http://www.biodiesel.org">www.biodiesel.org</a>
---	--

## **FEDERAL POLICY ISSUES THAT AFFECT BIODIESEL**

### **THE RENEWABLE FUEL STANDARD (RFS)**

**What is the RFS?** The Renewable Fuel Standard—a bipartisan policy passed in 2005 and signed into law by President George W. Bush—requires certain volumes of renewable fuels to be used in transportation fuel, heating oil or jet fuel. Substantially expanded in 2007, the law requires increasing volumes of advanced biofuels, such as biodiesel, with each year. Strong market signals are important to the biodiesel industry for continued investment, innovation and job growth.

**What are the categories of fuels within the RFS?** The renewable fuel volume requirements are broken down into two overarching categories: total renewable fuels and advanced biofuels. Biomass-based diesel and cellulosic biofuels are fuels nested within the advanced biofuels category and can qualify both as their nested fuel type and as an advanced biofuel. To qualify in each of these categories, biofuels are required to meet a minimum lifecycle greenhouse gas threshold and use renewable biomass that complies with certain land use restrictions.

**What does NBB recommend for the RFS volumes? GROWTH.** The National Biodiesel Board (NBB) continues to call for higher volumes of biomass-based diesel and advanced biofuels to support fuel diversification and to ensure that the statutory goals of the RFS established by Congress are met. The RFS was designed to drive investment and innovation by providing stability and incentives for the development and growth in use of biofuels here in the United States.

#### **What are the benefits of higher volumes in the RFS?**

- Higher volumes drive job creation, economic growth, innovation in feedstock development and investment.
- Every 500 million gallons of increased biodiesel production supports roughly 16,000 jobs.
- Higher volumes and increased production levels support U.S. energy independence.
- Substituting biodiesel for diesel is the simplest, most effective way to immediately reduce diesel emissions, in addition to wastes in our waterways and landfills.

## THE ROLE OF FEDERAL TAX POLICY

The biodiesel tax incentive has played a key role in stimulating growth in the U.S. biodiesel industry in recent years, helping biodiesel become the leading EPA-designated advanced biofuel in the nation. By making biodiesel more cost-competitive with petroleum diesel, the \$1-per-gallon credit creates jobs, strengthens U.S. energy security, reduces harmful emissions, diversifies the fuels market and lowers costs to consumers.

- **The Tax Incentive Works.** The U.S. biodiesel and renewable diesel market has grown from roughly 100 million gallons in 2005, when the incentive was first implemented, to nearly 2.6 billion gallons in 2017. The biodiesel tax credit is an important demand stimulus, which improves domestic plant efficiencies, encourages investment in U.S. distribution infrastructure and supports high-paying jobs throughout the economy.
- **Stability Helps.** Traditional oil incentives are written permanently into the tax code, but the biodiesel incentive has repeatedly expired—in 2006, 2008, 2009, 2011, 2013, 2014 and 2016. Often, the credit is retroactively extended and reinstated, but we have been operating without the credit since December 31, 2016. This severely disrupts producers' access to capital, as well as their ability to hire and expand.
- **Jobs Are Created, Economies Grow.** With biodiesel plants nationwide—from California to Iowa to North Carolina—the biodiesel industry already supports roughly 64,400 jobs, \$11.42 billion in economic impact and \$2.54 billion in wages paid. In many rural areas of the country, biodiesel plants are a driving force of the local economy, supporting the employment of technicians, plant operators, engineers, construction workers, trucks drivers and farmers, to name a few.
- **Energy Security Is Enhanced.** Biodiesel is diversifying our fuel supplies so that we're not so vulnerable to global oil markets that are heavily influenced by unstable regions of the world and global events beyond our control. Despite increased domestic oil production, consumers will remain vulnerable to volatile international oil prices without diversity and competition in the fuels market.
- **America Benefits from Improved Air Quality and Less Waste.** Biodiesel is made from an increasingly diverse mix of resources such as recycled cooking oil, plant oils and animal fats. Biodiesel reduces wastes and most major air pollutants. The EPA has recognized its environmental benefits by classifying it as an advanced biofuel, making biodiesel the only commercial-scale U.S. fuel produced nationwide to meet the agency's criteria. According to the EPA, biodiesel reduces greenhouse gas emissions by 57 to 86 percent when compared to petroleum diesel.

## TRADE AND BIODIESEL IMPORTS

The Renewable Fuel Standard does not discriminate between domestic and imported biofuels to meet the requirements of the program. The National Biodiesel Board has always welcomed imports of biodiesel to help grow the biofuels market here in the United States—but not illegally traded imports. The goal of the recent trade petitions is to level the playing field so that U.S. biodiesel producers can compete in the market.

**What is the problem? Why has NBB taken action?** A flood of dumped and subsidized imports from Argentina and Indonesia has resulted in market share losses and depressed prices for domestic producers. The result has been material injury to American manufacturers and workers.

Biodiesel imports from Argentina and Indonesia surged by 464 percent from 2014 to 2016, taking 18.3 percentage points of market share from U.S. manufacturers. Imports of biodiesel from Argentina jumped 144.5 percent since the filing of the antidumping and countervailing duty petitions (i.e., April-June 2017), as compared to the period prior to the filings (January-March 2017).

This is not the first time that Argentinian and Indonesian biodiesel producers have been charged with violating international trade laws. In 2013, the EU imposed 41.9 to 49.2 percent duties on Argentina and 8.8 to 23.3 percent duties on Indonesia. And in 2016, Peru imposed both antidumping and countervailing duties on Argentinian biodiesel.

**What is the solution? What are antidumping and countervailing duty petitions?** An injured party can file antidumping or countervailing duty petitions with the International Trade Commission (ITC) and the U.S. Department of Commerce. To be successful, a party must file both with the ITC and the Commerce Department. The Commerce Department determines *whether the imports are subsidized and/or dumped*, while the ITC determines *whether the domestic industry has been injured* by reason of such unfairly traded imports. The Commerce Department determines the margin of duties to impose on imports based on the degree of dumping and subsidies found.

Antidumping petitions address concerns with imports coming into the United States *below fair value*. Countervailing duty petitions address *subsidies* provided by foreign governments benefiting imported product.

**Why is this the solution?** U.S. trade law provides remedies for parties who are materially injured (or threatened by such injury) because of: (a) imports that are sold (or likely to be sold) in the United States at less than fair value (antidumping) and/or (b) subsidies by foreign governments (countervailing duty). *If the ITC finds that there's harm, the Commerce Department can impose and collect duties on the offending imports. This would level the playing field between the importers and the injured U.S. biodiesel producers.*

**What has happened to date on these petitions?** On March 23, 2017, the National Biodiesel Board Fair Trade Coalition—whose members include the National Biodiesel Board and U.S. producers—filed antidumping and countervailing duty petitions with both agencies, alleging that increased volumes of subsidized and dumped biodiesel imports from Argentina and Indonesia have taken market share away from U.S. manufacturers and otherwise injured U.S. biodiesel producers.

The countervailing duty petitions have been finalized by both agencies in the coalition's favor. The rates for countervailing duties range from 71.45 to 72.28 percent for biodiesel from Argentina, and 34.45 to 64.73 percent for biodiesel from Indonesia, depending on the particular foreign producer/exporter involved.

The antidumping petition has received an affirmative preliminary determination by the Commerce Department, but awaits final determination in both the Commerce Department (expected around February 16) and the ITC.