



April 14, 2005  
Ref. 05TRA159

## **FEDIOL POSITION ON DIFFERENTIAL EXPORT TAXES**

FEDIOL, the EU Oil and Proteinmeal Industry, has for many years been constantly challenging differential export taxes (DETs).

DETs are not to be confused with export taxes which often, for some developing countries, represent an important source of national revenues.

DETs tax the export of raw materials at a higher level than finished products in order to encourage transformation at national level.

They grant national industries a cheaper access to raw materials compared to foreign importers or processors.

The export of finished products is therefore indirectly subsidised\*.

Recently, the use of DETs has been extended by some countries to raw materials imported from neighbouring countries at 0% duty. Other countries have adopted export tax exemptions only granted to their national companies established abroad\*\*.

On invitation by several countries, DETs have been put on the agenda of the Doha Round of WTO negotiations.

FEDIOL believes it is indeed important that DETs are clearly addressed in that framework and considered (together with the other accompanying measures) as trade distortions due to be phased out.

If that was not the case, we could very quickly witness a significant increase in the use of DETs not only in the oilseed, leather, meat sectors but also in many other sectors. Exemptions or multiplying effects through 0 duty imports would remain untouched. The differential part of such DETs could also be freely changed from one year to another.

FEDIOL is part of the Level Playing Field Coalition (composed of NOPA (United States), COPA (Canada), CIARA (Argentina), ABIOVE (Brazil), AOF (Australia) and FEDIOL (the European Union)) that promotes the elimination of all trade distortions. It wants to make clear that export credits, some food aid measures, state trading enterprises, etc. should also be submitted to new disciplines.

But no major progress has been so far achieved in phasing down the measures targeted by the Level Playing Field Accord.

---

\* In the case of Argentina for example, we have assessed that with the present DETs rates (at 20% for seeds and 23.5% for oils and meals) the comparative advantage amounts to some 10\$/tonne.

\*\* In the case of Malaysia for example, and value June 2005 prices, the competitive advantage gained by the beneficiaries of tax exemptions amounts to approx. 60\$/tonne.

FEDIOL therefore thinks that it is legitimate to put the pressure so that ALL such trade distortions are now addressed in the framework of the Doha negotiations.

The EU oilseed sector ranks among the most liberalised ones in the world. The EU has done its part and meets now 95% of the Level Playing Field criteria.

Our international trade partners, particularly those where the oilseed sector has reached world standards of competitiveness, should start as well dismantling their own distortive measures.

\* \*  
\*