

July 30, 2009

The Honorable David Walker
Ambassador
Permanent Mission of New Zealand to the WTO
Chemin des Fins 2
1209 Geneva
Switzerland

Dear Mr. Ambassador:

The undersigned organizations represent the oilseed crushing industries in Europe, Canada and the United States.

We are writing to congratulate you on your election as Chairperson of the WTO agriculture negotiations. We greatly appreciate all of the hard work and the leadership shown by your New Zealand colleagues – Tim Groser and Crawford Falconer – who also held this important position over the past seven years. We regret that their dedication and efforts did not produce a more positive outcome. Nevertheless, we wish you the best as you try to advance the agriculture negotiations in the coming months.

We would like to draw your attention to an issue that is of utmost importance to our organizations and the governments that represent us – differential export taxes (DETs). As you know, DETs are a major source of distortion in the world markets for oilseed products – vegetable oils, oilseed meals, and now biodiesel. Several countries that are major exporters of these products use DETs, causing serious damage to the interests of other producing and exporting countries. The problem will worsen significantly as world biodiesel production and trade increase.

DETs act as a subsidy for the export of processed oilseed products, and they must be disciplined as subsidies. The appropriate approach is the one that was included in brackets in the draft agriculture modalities text of 22 June 2006: "The differential element of export taxes shall be eliminated by the end date for implementation." Unfortunately, this unambiguous language is not incorporated in the 6 December 2008 *Revised Draft Modalities for Agriculture* document. At this point in the negotiations, "Differential Export Taxes" are referenced in brackets in Section V.A Other Issues (TN/AG/W/4/Rev.4 - Page 32).

As the newly appointed Chairperson of the agriculture negotiations, we urge you to listen carefully to the arguments on DETs being advanced by our governments – Canada, the European Union and the United States, as well as Japan – and to give this issue more prominence in the negotiating sessions in the coming months. Otherwise, the effectiveness of the subsidies disciplines that have been so painstakingly negotiated will be undermined by this important loophole.

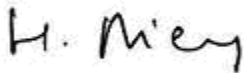
Sincerely,



Thomas A. Hammer, President
National Oilseed Processors Association (NOPA)



Robert Broeska, President
Canadian Oilseed Processors Association (COPA)



Henri Rieux, President
FEDIOL - The EU Oil & Proteinmeal Industry

cc: Director General Pascal Lamy
Ambassador Ron Kirk
Commissioner Catherine Ashton
Minister Stockwell Day