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## **Executive Summary**

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Export taxes are duties imposed by the local government on exports of domestic goods for the purpose of generating revenue, price stabilizing or as an inflation prohibitor. The differential export tax (DET) is the difference of the export tax on raw materials and the finished product, in this case, soybeans, soybean oil and soybean meal. The DET in Argentina is 3.5 percent [23.5 percent export tax on soybeans and 20 percent export tax on oil and meal]. This 3.5 percent is approximately equivalent to a \$10.00 per metric ton cushion on the current crushing margin<sup>1</sup>. However, DETs are not defined under the WTO as a subsidy.

According to the National Oilseed Processors Association (NOPA), previous attempts to eliminate the DET have failed. FEDIOL, the Federation that represents the vegetable oils and fats industry in the European Union, filed a complaint against Argentina in the late 1970s and again in the early 1980s, but failed because the DET was not listed as a subsidy under the GATT. Then in 1986, the National Oilseed Processors Association (NOPA) filed a complaint under Section 301 of the 1974 U.S. Trade Act to investigate DETs. The outcome was a reduction from 15 percent to 3.5 percent, but only after many negotiations. Sunflowerseeds, cottonseeds, peanuts, corn (after export rebate is factored) and wheat grain are commodities that are under influence of an export tax differential between raw and final products. Four other nations use differential export taxes: Malaysia & Indonesia for palm oil (crude & refined) and Russia & Ukraine for sunflower seeds and sunflower oil.<sup>2</sup>

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<sup>1</sup> As calculated by the National Oilseed Processors using yearly average prices from the USDA FOP, as of May, 2004.

<sup>2</sup> “Global Impacts of Zero-for-Zero Trade Policy in the World Oilseed Market: A Quantitative Assessment”, 2001 – Check file at home for complete reference.