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Brussels, 14 January 1988.

**COMMUNITY/UNITED STATES :
US COMPLAINT AGAINST COMMUNITY AID FOR THE PRODUCTION
OF OILSEEDS AND HIGH-PROTEIN PRODUCTS**

Following Mr De Clercq's talks with Mr Clayton Yeutter, the US Trade Representative, Mr De Clercq and Mr Andriessen discussed with the Commission the US complaint against Community subsidies for the production of oilseeds. The Commission expressed its regret that the US Administration had decided, at the request of the American Soybean Association, to open an investigation and lodge a complaint under GATT against what are seen as unfair practices on the part of the Community, whose system of subsidies for oilseeds contributed to a "40 % decline in US soybean exports to the Community since 1982".

The Commission would point out the following :

1. Since 1973, when the Community had to initiate a policy ensuring minimum security of supply for protein-rich products in response to the embargo on soya exports introduced at that time by the United States, Community imports of these products have risen substantially and consistently, and are continuing to do so.

The Community, therefore, is still by far the world's biggest importer of protein-rich products and the main purchaser of soya from the United States.

In 1974, imports into the Community of Ten of soya (beans and oilcake), expressed in oilcake equivalent, amounted to 10.5 million tonnes, in 1986 comparable figure again for the Community of Ten, was 17.7 million tonnes, i.e. a 68.6 % increase.

Over the same period, Community imports of all protein-rich products, expressed in oilcake equivalent, rose from 14.7 million to 26.2 million tonnes, i.e. a 78.2 % rise.

2. Imports into the Community of Ten from the United States have developed differently, since the United States' position as dominant supplier has been eroded in recent years by competition from other suppliers, in particular developing countries, whose export policies have contributed to their increased competitiveness. The United States provided 76 % of the Community's soya requirements in 1974 and still supplied over 70 % of Community imports in 1982, but in 1986 accounted for only 48 %.

The United States has lost its place to Brazil, whose soya exports to the Community have almost doubled since 1982, and to Argentina, whose exports have tripled. In quantitative terms, this means that the United States' soya sales, which in 1974 amounted to 8 million tonnes, rose to 12.9 million tonnes in 1982, and then fell to 8.5 million tonnes in 1986, although there was something of a recovery in 1987.

3. It should also be pointed out that 1982 was a record year, unparalleled since, for US soya production; it is only natural that exports, including exports to the Community, have fallen since, for reasons which cannot be attributed to the Community. Furthermore, the decline referred to by the ASA has been calculated in value rather than volume terms and soya prices, expressed in dollars, have fallen by 15 % since 1982.

4. It is true that the need to ensure a minimum level of self-sufficiency has since 1973 led the Community to develop its oilseed production. The degree of self-sufficiency in 1987 for protein-rich products was, however, 19 %, and for soya alone it was only 6.5 %. By way of comparison, the United States' self-supply rate for soya is 240 %.

5. Lastly, the US Administration's decision has been taken over twenty years after the system of subsidies for oilseeds and protein-rich produced was introduced in the Community and after the Community has already set up machinery to limit production. Furthermore, the rules on Community production are to be tightened up by means of a restrictive price policy, the limiting of the scope for intervention, and the introduction of a modified system of maximum quantities guarantee thresholds, including measures to discourage producers from exceeding these thresholds.

COMMUNITY OF TEN - IMPORTS SINCE 1982
(1 000 t oilcake equivalent)

	1974	1982	1985	1986
Total oilseeds and oilcake	14 704	24 858	25 273	26 218
- of which soya	10 539	18 533	18 538	17 674
- of which USA	8 015	12 895	6 784	8 461

January-October (000 t)

TOTAL	20 539	21 485	20 989
- of which soya	15 043	14 539	14 490
- of which USA	5 043	6 408	7 101