

# GENERAL AGREEMENT ON

RESTRICTED

L/6328  
22 April 1988

## TARIFFS AND TRADE

Limited Distribution

COUNCIL  
4 May 1988

Original: English

### EUROPEAN ECONOMIC COMMUNITY - PAYMENTS AND SUBSIDIES PAID TO PROCESSORS AND PRODUCERS OF OILSEEDS AND RELATED ANIMAL-FEED PROTEINS

#### Recourse to Article XXIII:2 by the United States

#### Communication from the United States

The following communication, dated April 1988, has been received from the United States with the request that it be circulated to contracting parties and that the matter be placed on the agenda of the Council meeting scheduled for 4 May 1988.

The United States wishes to refer to the CONTRACTING PARTIES, pursuant to Article XXIII:2 of the General Agreement, the matter of European Community (EC) payments and subsidies paid to processors and producers of oilseeds and related animal feed proteins. Among our major concerns are the following:

First, the EC oilseed and related animal feed proteins regime is prima facie inconsistent with Article III of the General Agreement. The regime provides that EC processors receive a subsidy or preference payment with respect to purchases of EC-produced oilseeds and related animal feed proteins which is not provided with respect to purchases of the imported like product.

Second, the EC oilseed and related animal feed proteins regime provides for enormous subsidies to be paid to the EC producers of oilseeds and related animal feed proteins. These producer subsidies, along with the processor preference payments discussed above, constitute a prima facie nullification and impairment of tariff concessions granted by the EC in 1962 pursuant to Article II of the General Agreement.

Third, the producer subsidies and the processor preference payments have caused severe market distortions and significant damage to U.S. exports to the EC. Thus, there is factual evidence that the EC policies discussed above have caused actual nullification and impairment of tariff concessions granted by the EC in 1962 pursuant to Article II of the General Agreement.

These EC policies have been the subject of many discussions between the United States and the EC, including consultations held under Article XXIII:1 on February 19 and April 19, 1988. These consultations have not resulted in a mutually satisfactory settlement of this issue.

Therefore, the United States requests the Council of Representatives at its meeting of 4 May 1988 to establish a panel to review this matter under Article XXIII:2 of the General Agreement.