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The transatlantic trade dispute on "hormones" in beef comes to an end

The Council adopted a modification to regulation 617/2009 opening an autonomous tariff quota for imports of high-quality beef following a first reading agreement with the European Parliament ([6/12](#)). This text will finally bring to an end the long-lasting trade dispute between the EU, the USA and Canada on the use of "hormones" in beef within the framework of the World Trade Organisation (WTO). By this regulation, the EU opens an additional autonomous tariff rate quota for high-quality beef that is not treated with hormones. At the same time, the USA has eliminated the sanctions on EU products.

As a first step, an autonomous tariff quota was established in 2009 for imports of high quality beef (20 000 t) and this regulation provides for two further increases of this autonomous tariff quota: from 1 July to 21,500 and from 1 August 2012 to a total of 48 200 t. The customs duty of this tariff-rate quota will remain fixed at zero.

In 1998, a WTO report found that the EU ban on imports of meat and meat products from cattle treated with certain hormones for growth promotion purposes was inconsistent with the agreement on sanitary and phytosanitary measures (SPS Agreement). The USA and Canada obtained authorization from the WTO for the suspension of concessions to the EU in the annual amounts of US\$116.8 million and CDN\$ 11.3 million, respectively.

P R E S S

Following the amendment in 2003 of directive 96/22 of 29 April 1996 prohibiting the use of hormones in farming animals, the EU brought itself into compliance with the WTO rulings and recommendations. However, the USA and Canada considered that the EU was still in breach of its WTO obligations and that therefore they could continue to apply sanctions. In 2008, the Community challenged the continued imposition of sanctions in new WTO cases but the ruling on this part of the dispute stayed inconclusive.

The EU and the USA then explored the possibility of finding a solution in this dispute without prejudice to their respective views on the WTO compatibility of the ban. A parallel solution was also sought with Canada. In May 2009, it was found that a practical solution by which the EU would open an additional autonomous tariff rate quota for high-quality beef on a most-favoured-nation basis and the USA would reduce the amount of sanctions would be an expedient way of improving trading relations and avoiding further escalation of the dispute.

The relevant agreement (memorandum of understanding) between the USA and the EU was endorsed by the Council and signed in Geneva on 13 May 2009. It foresees a three-phased arrangement which progressively reduces the level of sanctions imposed by the USA on products from the EU, while the EU progressively increases the tariff-rate quota for high-quality beef that is not treated with growth hormones.

The first-phase tariff-rate quota for high-quality beef of 20,000 tonnes was established by regulation 617/2009. In a second phase, it is scheduled that the USA will suspend all remaining sanctions while this regulation expands this tariff rate quota by additional 25,000 tonnes. On 17 March 2011, an additional memorandum of understanding was signed between Canada and the EU about the suspension of all sanctions imposed by Canada. It stipulates the further expansion of the EU autonomous tariff rate quota for high-quality beef by 1,500 tonnes (first phase) and additional 1,700 tonnes (second phase). The timing foreseen for the first and second phases for USA and Canada is the same. According to the provisions of the regulation adopted today, the second phase will begin on 1 August 2012.

Both Canada and the USA have suspended all related sanctions on EU products in the meantime