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DRAFT OPINION

of the Committee on Agriculture and Rural Development

for the Committee on International Trade

on the draft Council decision on the conclusion on behalf of the Union of an agreement with the United States of America on the Allocation to the United States of a Share in the Tariff Rate Quota provided for by Regulation (EC) No 617/2009 of 13 July 2009 opening an autonomous tariff quota for imports of high-quality beef
(10681/2019 – C9-0107/2019 – 2019/0142(NLE))

Rapporteur for opinion: Herbert Dorfmann

PA_Leg_Consent

SHORT JUSTIFICATION

Since 1989, the United States and the European Union have engaged in a long-standing trade dispute over the Union's decision to ban hormone-treated meat. The first US action in 1989 imposed retaliatory tariffs of 100 % *ad valorem* duty on selected food products, and remained in effect until 1996. The second US action in 1999 again imposed a 100% *ad valorem* duty on selected foods from the Union. To date, the Union continues to ban imports of hormone-treated meat and restricts most meat exports to the Union to a limited quantity of beef imports that are certified as produced without the use of hormones.

Over the years, the US and the Union have attempted to resolve this dispute (DS 26 – “EC-Hormones”) through a series of WTO dispute consultations, settlement panels, arbitration proceedings, and formal appeals. The last in a row of decision came in October 2008, when the WTO issued a mixed ruling allowing the US to continue its trade sanctions, but also allowing the Union to maintain its ban.

In January 2009, the US announced its intent to raise tariffs on some products in connection to the dispute. The Union saw this action as an escalation of the dispute. In May 2009, following a series of negotiations, the US and the Union signed a memorandum of understanding (MOU), which phased in certain changes over the next several years. As part of that MOU, the Union granted new market access to US exports of beef raised without the use of growth promoters, and the US suspended its retaliatory tariffs on certain Union products.

The access was granted through the introduction of a tariff rate quota (TRQ) for High Quality Beef (Regulation (EC) No 617/2009). Initially, the market access was granted under an annual TRQ of 20000 metric tons at zero duty for beef produced without growth-promoting hormones (High Quality Beef) as agreed in the MOU which was raised to 45 000 metric tons in 2013. To comply with the WTO rules, that quota was also opened to other eligible countries.

In December 2016, upon the request of the US beef industry which raised concerns about the implementation of the TRQ, the US took steps to reinstate retaliatory tariffs on the list of Union products under the dispute. With a view to avoiding the reinstatement of increased duties on certain Union products, the US and the Union conducted consultations regarding the operation of the revised MOU whereby the US requested the allocation of a share of the tariff rate quota.

The agreed solution entails a gradual allocation of a 16 500 metric tonnes in the TRQ opened, pursuant to the Regulation (EC) No 617/2009, from other eligible suppliers (Australia, Uruguay and Argentina) to the US. The resulting distribution after a seven-year implementation period will be as follows: 35 000 metric tonnes of the 45 000 metric tonnes under this TRQ allocated to the US and the remaining 10 000 metric tonnes allocated to the other eligible suppliers. As part of negotiations and to comply with the WTO requirements the Commission sought the agreement of the substantial supplying countries and obtained their written consent for the allocation of a share in the TRQ to the US in the form of letters of acceptance received on 10, 20 and 31 May 2019

The rapporteur proposes that the Committee on Agriculture and Rural Development recommend giving consent to this Agreement. There will be no increase in the overall volume

of beef coming into the Union. The US will have a greater share of the existing quota, which is filled on an annual basis. The Agreement with the US will protect the interests of Union stakeholders against the threat of increased duties on certain Union products. The rapporteur stresses that the US may fully avail of this reallocation, however the existing overall quota of 45 000 metric tonnes, and the product specifications do not change, so there is no impact on beef supply to the Union. This agreement foresees a closure to the WTO dispute once the agreement is fully implemented.

The Committee on Agriculture and Rural Development calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament approve the draft Council decision on the conclusion on behalf of the Union of an agreement with the United States of America on the Allocation to the United States of a Share in the Tariff Rate Quota provided for by Regulation (EC) No 617/2009 of 13 July 2009 opening an autonomous tariff quota for imports of high-quality beef.