

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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2018-19 HQB Q2 Fill Maintains Record Pace as U.S. and EU Renegotiate

Report Categories:

Livestock and Products

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Report Highlights:

The High Quality Beef (HQB) quota maintains a record import pace for the second quarter with over 99 percent of the quota volume, 11,250 metric tons (MT), filled as of October 23, 2018. On October 19, 2018, the European Council voted and approved the mandate for the European Commission (EC) to renegotiate the HQB quota agreement with the United States. The renegotiation aims to enhance HQB quota access for non-hormone, high quality U.S. beef.

**General Information:
Second Quarter Quota Fill Update**

On October 23, 2018, the HQB quota volume of 11,250 MT nearly filled only three weeks into the second quarter tier of the 2018/19 quota year. The EU's online customs database, TARIC, recorded that only 3.4 MT remain available until the next quota tier opens on January 2, 2019. By October 3, 2018, 43 percent, or 4,820 MT, of the available volume was cleared into the HQB, an unsurprising import velocity that continues the trend of trade flows from previous quarters, as well as the upcoming end-of-year holiday season that typically implies greater demand.

United States and European Union Renegotiate HQB Quota Agreement

On October 19, 2018, the European Council voted and approved the mandate for the EC to renegotiate the HQB tariff-rate quota (TRQ) with the United States. The renegotiations aim to establish a country-specific quota for U.S. non-hormone, high quality beef. The HQB TRQ resulted from the 2009 Memorandum of Understanding that was an outcome of the WTO Beef Hormone dispute between the United States and the EU. The renegotiation aims to ensure quota access for the United States that has eroded from competition with other beef exporting countries in recent years. Now that formal negotiations have begun, the expectation is that a revised HQB agreement will conclude this year with implementation in early 2019.