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Changes to the EU High Quality Beef Quota Published

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Report Highlights:

On June 8, 2012, the EU published Regulation (EU) No 464/2012 increasing the High Quality Beef (HQB) quota and Regulation (EU) No 481/2012 changing the quota management system to a first come first serve system. The increase in the HQB quota to 48,200 MT is the result of moving to Step 2 in the U.S. – EU agreement on the beef hormone dispute and the implementation of the Canada – EU agreement on a similar dispute. The change to the HQB quota management is intended to provide easier quota access to new and smaller importers of U.S. beef, as well as to terminate the trade in quota import licenses that occurred as demand for import licenses exceeded the quota volume.

General Information:

On June 8, 2012, the EU published two regulations governing the High Quality Beef (HQB) quota. The first regulation covers the quota increase as of July 1, 2012 as a result of moving to Step 2 of the U.S. - EU agreement on the beef hormone dispute and the implementation of the Canada – EU agreement on a similar dispute. The second regulation amends the management of the HQB quota.

Regulation (EU) No 464/2012 Amending the High Quality Beef Quota Regulation

[Regulation \(EU\) No 464/2012](#) [1], published on June 8, 2012, amends Council Regulation (EC) No 617/2009, which opened the HQB quota and increases the HQB quota from 20,000 MT to 48,200 MT in two steps. First, on July 1, 2012, 1,500 MT will be added to the quota as a result of the first step in the Canada – EU agreement on the hormone dispute. Then on August 1, 2012, the quota will be further increased to 48,200 MT as a result of moving to step 2 in both the U.S. – EU agreement on the beef hormone dispute, adding 25,000 MT, and the Canada – EU agreement, adding 1,700 MT.

Commission Implementing Regulation (EU) No 481/2012 Changing the HQB Quota Management System

[Commission Implementing Regulation \(EU\) No 481/2012](#) [2], also published on June 8, 2012, changes the management of the HQB quota from an import license based system on a monthly basis to a first come first serve system (FCFS) on quarterly basis. Effectively, it replaces Regulation (EC) No 620/2009. This change in quota management system to the more straight forward FCFS should allow easier access to the HQB quota to new and smaller interested importers of U.S. beef and should terminate the trade in import licenses that had emerged as interest in the HQB quota exceeded the quota volume.

Background

On July 13, 2009, the EU installed a new duty-free erga omnes import quota of 20,000 MT for fresh, chilled or frozen high quality beef (HQB), which first opened on August 1, 2009. This quota was part of the first step agreed to by the United States and the European Union in a [Memorandum of Understanding](#) (MOU) on May 13, 2009, based on the World Trade Organization (WTO) dispute ‘European Communities – Measures Concerning Meat and Meat Products (Hormones)’ (DS 26). This MOU provided for the HQB quota imports into the European Communities (EC) in exchange for the elimination of \$116 million in retaliation duties applied by the United States to certain EC products, which were initially imposed in 1999 as a result of the WTO panel decision in the hormone dispute. The MOU between the United States and the European Union stipulated that after three years, by mutual consent, the agreement would move to step 2 increasing the HQB quota to 45,000 MT in exchange for the U.S. eliminating the remaining retaliatory duties. On March 17, 2011, Canada and the EU signed a similar MOU in connection with the WTO dispute ‘European Communities — Measures

Concerning Meat and Meat Products (Hormones)' (DS 48), adding 3,200 MT to the 45,000 MT from the U.S. – EU agreement in two steps.

^[1] <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:149:0001:0003:EN:PDF>

^[2] <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:148:0009:0014:EN:PDF>