EU/USA Revised Memorandum of Understanding: importation of beef from animals not treated with certain growth-promoting hormones and increased duties applied by the USA to certain products of the EU

2013/0324(NLE) - 15/10/2013 - Legislative proposal

PURPOSE: to conclude the revised Memorandum of Understanding with the United States of America Regarding the Importation of Beef from Animals Not Treated with Certain Growth-Promoting Hormones and Increased Duties Applied by the United States to Certain Products of the European Union.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: in accordance with a Council Decision, the revised Memorandum of Understanding (MoU) with the United States of America Regarding the Importation of Beef from Animals Not Treated with Certain Growth-Promoting Hormones and Increased Duties Applied by the United States to Certain Products of the European Union was signed in Geneva on 13 May 2009, subject to its conclusion at a later date.

It is now necessary to approve the revised MoU on behalf of the European Union.

LEGAL BASIS: the first subparagraph of Article 207(4), in conjunction with Article 218(6)(a)(v) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: with the proposed Decision, it is sought to invite the Council to approve the abovementioned Protocol on behalf of the European Union.

Subject matter and scope: the MoU sets out different steps concerning the importation of beef not treated with growth-promoting hormones into the EU, as well the imposition of trade sanctions by the United States against EU products as part of the WTO dispute on EC – Measures Concerning Meat and Meat Products (Hormones).

These steps are grouped in **three phases**. The ultimate aim is for the EU to increase the permitted amount of imported "high quality beef" from the United States and for the United States to reduce/suspend application of any additional import duties on EU products.

Three- phased system:

- **Phase 1** (August 2009 - August 2012): the EU opened an autonomous erga omnes tariff quota for 20 000 tons of "High Quality Beef", and the US reduced the level of sanctions applied to EU products.

- Phase 2 (August 2012 - August 2013): the EU opened a larger quota for 45 000 tons of High Quality Beef, and the US suspended all trade sanctions on EU products resulting from the Hormones dispute.

The MoU foresees that, should the Parties not reach agreement to enter into Phase 3 by the expiry of Phase 2, the MoU would be considered terminated; however, its core obligations of opening a quota for high quality beef and suspending all trade sanctions remain in place for six more months.

At this time there is no agreement to enter into Phase 3, but the termination of the MoU is not in the EU or US interest. The Parties could agree to extend Phase 2 until August 2015, while they continue discussions on Phase 3.

- The amendment of the MoU also clarifies the **elements of Phase 3**, should the Parties agree to enter into it at the end of the extended Phase 2. The rules of the MoU concerning the management of licenses are also amended to reflect the system of "first come, first served", introduced in 2012.

Quota management and monitoring the implementation of the Understanding: measures are laid down to regulate the management of quotas in accordance with the General Agreement on Tariffs and Trade (GATT).

The United States and the EU should:

- monitor and review the operation of this Understanding;
- upon the request of either Party, conduct additional bilateral consultations regarding the operation of this Understanding, including issues of quota management.

Either the United States or the EU may withdraw from this Understanding by providing written notice to the other Party.

It should be noted that the Understanding includes clarifications on the meaning of ‘High Quality Beef’. The indication 'High Quality Beef' may be added to the information on the label.

Dispute settlements: provisions are set out which aim to resolve any dispute relating to the implementation of the Understanding.

BUDGETARY IMPLICATION: this proposal has no implications for the EU budget.