EU Trade Barriers and U.S. Meat Exports

Thad Lively
U.S. Meat Export Federation
U.S.-EU Hormone Saga: 1989-Present

Phase 1 – The ban and its aftermath
Phase 2 – WTO Dispute Settlement
Phase 3 – 2009 U.S.-EU Beef MOU
Phase 1
The Ban and Its Aftermath
Factors Behind The Ban

- Series of hormones scandals during the 1970 and 1980s
- EU beef mountain
- Inconsistent legislation in the member states
- Effective lobbying by consumer groups not matched by producer or pharmaceutical interests
- Enhanced role of the European Parliament in the public debate
Top Export Markets for U.S. Beef, 1988

Beef & Variety Meat Exports: 443,178 MT

- Japan
- European Union-27
- Mexico
- Egypt
- Canada
- Korera
- Hong Kong
- Others

Source: USDA/FAS
U.S. Beef Exports to the EU


Source: USDA/FAS
Top Export Markets for U.S. Beef, 1994

Beef & Variety Meat Exports: 790,837 MT

EU: 3%

Source: USDA/FAS
1995 Codex Alimentarius Commission

• Estradiol, Progesterone, & Testosterone – No MRL necessary. Residues are unlikely to pose a human health hazard
• Trenbolone acetate & Zeranol – MRLs established
• EU introduced for the first time the “precautionary principle” and the “fourth hurdle” into the Codex debate
Phase 2

WTO Dispute Settlement
WTO Dispute Settlement Timeline

- January 1996 – U.S. initiates WTO dispute settlement process
- February 1998 – Appellate Body upholds panel’s ruling that the EU’s hormone ban is inconsistent with the EU’s obligations under the SPS Agreement
- July 1999 – WTO authorizes the U.S. to suspend concessions
WTO Dispute Settlement Timeline

- November 2003 – EU notifies the DSB that it has met its obligations through the implementation of a new regulation on hormones
- November 2004 – EU initiates dispute settlement against the U.S. claiming that since it is now in compliance with its SPS obligations the U.S. should lift its retaliation
- October 2008 – WTO issues mixed ruling permitting the U.S. and Canada to maintain their sanctions but also permitting the EU to maintain the hormone ban
- December 2008 – EU requests consultations with the U.S. to argue that it is in compliance with the 1998 Appellate Body ruling
Phase 3

2009 U.S.-EU Beef MOU
Factors Leading to 2009 MOU

• Elimination of EU beef mountain
• Increased production of natural beef in the U.S.
• Disillusionment with retaliation by the U.S. industry
• Threat of carousel retaliation
Principal Elements of 2009 MOU

Phase 1: Create a new, 20,000 MT duty-free, MFN TRQ for HQB and suspend retaliatory duties on some of the products on the list. Duration: 3 years

Phase 2: Increase the TRQ to 45,000 MT and suspend retaliatory duties on the remaining products on the list. Duration: 1 year

Phase 3: To be determined

“Peace Clause”
Pathogen Reduction Treatments (PRTs)

• 2004 - Hygiene package established process for approving PRTs
• 2008 - EU failed to approve PRTs for poultry
• 2009 – Commission agreed to seek approval of PRT for beef
• December 2010 – U.S. applies to have lactic acid approved for beef
Pathogen Reduction Treatments (PRTs)

- July 2011 – EFSA issues a positive opinion on lactic acid for beef
- October 2011 – EU Industry-sponsored seminar on PRTs
- March 2012 – EU officials visit U.S. beef plants
- Feb, 25, 2013 – Regulation implemented approving use of lactic acid as PRT in beef plants
EU Beef Imports from the U.S.

Source: Global Trade Atlas
EU Beef Imports Under Duty-free TRQ

Source: European Commission, Global Trade Atlas, Dec 2012 is estimated

U.S. Market Share: 72% with imports valued at $65.6 million

U.S. Market Share: 54% with imports valued at $108 million
Price in global welfare that comes from permitting countries to maintain non-science-based measures

- Reduced investment in productivity-enhancing technologies
- Reduced agricultural trade
- Reduced global food security
THANK YOU
EXTRA SLIDES
Top Markets for U.S. Beef

Beef & Variety Meat Exports: 790,446 mt

1994
- Japan
- Mexico
- Canada
- S. Korea
- Mid East
- Russia
- EU
- China/HK
- ASEAN
- C/S America
- Caribbean
- Taiwan
- Others

Beef & Variety Meat Exports: 1,030,872 mt

1998
- Japan
- Mexico
- Canada
- S. Korea
- EU
- Russia
- Mid East
- C/S America
- China/HK
- Caribbean
- Taiwan
- Others

Source: USDA/FAS
U.S. Beef Exports to the EU


Source: USDA/FAS
EU Beef Situation Since 2000

2012 EU Global Rank:
Beef Production & Consumption #3
Beef Exports #9
Beef Imports #6

2013F compared to 2000:
Production -9%
Consumption -7%
Imports -18%
Exports -55%

Source: USDA/FAS
Branded U.S. Beef Sales including natural

Source: USDA/AMS