



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 43, Number 20

May 15, 2009

U.S.-EU Beef Agreement

The terms of the MOU, as outlined by the USTR, are as follows:

Phase 1: In the first phase, which will last three years, the EU will open an annual tariff rate quota (TRQ) of 20,000 tons, at zero duty, for beef produced without growth-promoting hormones. The United States may maintain some of the additional import duties (compensation) currently applied to certain EU products, and will not impose the new duties (carousel) that were announced in January 2009.

Phase 2: The agreement provides for the opportunity to enter into a second phase, lasting one year, in which the EU would further expand the TRQ to 45,000 tons of duty-free access. During this phase, the United States would suspend the application of all additional import duties imposed on EU products. For the United States, a decision on whether to move to Phase 2 would depend on the existence of conditions at the end of Phase 1 that would allow the U.S. beef industry to make full use of the additional quota.

Phase 3: The agreement provides for the opportunity to enter into a third phase at the end of the fourth year. In this phase, the EU would maintain the 45,000-ton duty-free TRQ and the United States would continue not to apply any increased import duties. A decision on whether to move to Phase 3 would be made following negotiations on several issues, including duration, withdrawal, and the status of WTO litigation on the EU's compliance with the WTO ruling in the Beef Hormones dispute.

Suspension of Litigation: For at least the first 18 months of the agreement, neither party will move forward with WTO litigation on the EU's compliance with the WTO's ruling in the Beef Hormones dispute. After 18 months, either or both parties would be free to request a WTO panel. If either party makes this request, compliance litigation would commence and move forward until the panel is ready to issue its interim report (i.e., the report that reveals to the parties for the first time the panel's findings and reasoning). At that point, the parties would instruct the panel not to issue the interim report to the parties and request that the panel suspend its work until at least the end of the fourth year. The status of any such interim report, including whether it would ever be disclosed, and the status of the panel would be the subject of the consultations that occur at the end of Phase 2.

Either party may withdraw from this MOU upon six months written notice.