

**Voluntary Report** – Voluntary - Public Distribution

**Date:** December 23,2019

**Report Number:** E42019-0049

**Report Name:** New High Quality Beef TRQ Allocation Starting January 1 of 2020

**Country:** European Union

**Post:** Brussels USEU

**Report Category:** Agriculture in the News, Livestock and Products

**Prepared By:**

**Approved By:** Lisa Allen

**Report Highlights:**

The United States and the EU recently concluded a renegotiation of the 2009 Memorandum of Understanding for the High Quality Beef quota, which was established in exchange for ending the duty retaliation that resulted from the WTO U.S.-EU Beef Hormone case. U.S. beef producers will soon see increased benefits, as the updated MOU will provide a U.S. specific allocation starting on January 1, 2020. Out of the total 45,000 MT available in the HQB, the U.S. allocation starts at 18,500 MT and will increase annually over 7 years, to 35,000 MT in 2026. In recent years, U.S. beef exports into the HQB were hampered by ever increasing competition from other beef exporting countries

After successful votes in European Parliament and Council, the agreement between the EU and the United States to allocate a fixed amount of the 45,000 MT High Quality Beef (HQB) quota to the United States will start on January 1, 2020. The [updated Memorandum of Understanding](#)<sup>1</sup> (MOU), governing the HQB quota, entered into force on December 14, 2019 and was published in the EU Official Journal (OJ) on December 19, 2019. The [Implementing Regulation 2019/2179](#)<sup>2</sup> modifying the HQB quota allocation management was published in the OJ on December 20, 2019. Under the new agreement, U.S. specific HQB quota share will increase from 18,500 MT in 2020 to 35,000 MT in 2026 in seven incremental steps as follows.

HQB Quota allocation	United States	All other eligible countries
Year 1 (2020)	18,500 MT	26,500 MT
Year 2	23,000 MT	22,000 MT
Year 3	25,400 MT	19,600 MT
Year 4	27,800 MT	17,200 MT
Year 5	30,200 MT	14,800 MT
Year 6	32,600 MT	12,400 MT
Year 7 and subsequent years	35,000 MT	10,000 MT

As the new quota allocation starts in the middle of the 2019-2020 quota year and incremental increases have a full-year validity, different quota allotments will apply in the first half of the quota year than in the second half. The quarterly quota distribution from 2020 onwards is detailed in the Annex of the above Implementing Regulation 2019/2179.

### **Background:**

Negotiations between the EU and the United States to review the HQB quota allocation were initiated after the USTR took steps to reinstate retaliatory tariffs on the list of EU products under the hormone ban dispute in December 2016. In 2019 U.S. and EU negotiators reached agreement on the text of a new MOU to modify the existing EU high quality beef 45,000 MT tariff-rate quota (TRQ) to include a country allocation specifically for the United States.

The high-quality beef MOU stems from a U.S. WTO win over the EU's restriction on hormones. The EU has refused to come into compliance with the findings of the WTO dispute to allow the use of hormones in beef. The establishment of the TRQ does not resolve the WTO dispute, but rather provides the United States with compensation for not evoking our right to retaliate. A detailed history of the EU-U.S. hormone dispute was compiled in the Congressional Research Service report [R40449](#)<sup>3</sup>.

<sup>1</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2019.329.01.0001.01.ENG&toc=OJ:L:2019:329:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.329.01.0001.01.ENG&toc=OJ:L:2019:329:TOC)

<sup>2</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2019.330.01.0003.01.ENG&toc=OJ:L:2019:330:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.330.01.0003.01.ENG&toc=OJ:L:2019:330:TOC)

<sup>3</sup> <https://crsreports.congress.gov/product/details?prodcode=R40449>

Related reports from FAS/USEU:

Report	Title	Date
E18036	<a href="#">Comparison of EU Tariff Rate Quotas for High Quality Bovine Meat</a>	5/31/2018

The GAIN Reports can be downloaded from the following FAS website:

<http://gain.fas.usda.gov/Pages/Default.aspx>

**Attachments:**

No Attachments.