

# USTR NEWS

## UNITED STATES TRADE REPRESENTATIVE

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**For Immediate Release:**

March 31, 2008

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### **Panel Finds EU Ban on Hormones Remains WTO-Inconsistent**

WASHINGTON – U.S. Trade Representative Susan C. Schwab announced today that a World Trade Organization (WTO) dispute settlement panel has found that the 2003 amended ban by the European Union (EU) on beef from certain hormone-treated cattle continues to be scientifically unjustified. The panel found that the ban fails to satisfy the requirements of the WTO Agreement on Sanitary and Phytosanitary Measures and that the scientific studies cited by the EU do not support the position of the EU.

“The panel’s findings on the EU ban are an important victory for all U.S. farmers and ranchers,” Ambassador Schwab said. “EU consumers should have access to U.S. beef – it is of high quality, safe and competitive. Considering the EU’s position as the world’s second largest beef importer, resolution of this dispute will benefit not only U.S. cattle producers and beef exporters, but also EU importers and consumers.

“The findings confirm the principle that measures imposed for health reasons must be based on science,” the Ambassador said. “It is high time for the EU to come into compliance with its obligations on this matter.”

The dispute over the EU ban on beef from animals administered certain growth promoting hormones dates back to 1996 and is one of the longest-standing disputes in the history of the WTO. It is not surprising that the panel found that the EU continues to be unable to scientifically justify its ban. The hormone levels the EU is concerned about are 50 times less than the acceptable daily intake and they represent a tiny fraction of what occurs naturally in an egg or one glass of milk.

### **Background**

The United States successfully challenged the EU’s prohibition on the importation of meat from cattle that had been administered certain growth promoting hormones in 1996. After an unsuccessful appeal by the EU, the WTO Dispute Settlement Body authorized the United States to increase tariffs on imports from the EU in the amount of \$116.8 million per year. As a result, in 1999, the United States raised tariffs on a number of European products.

In late 2003, the EU amended – but did not lift – its ban on hormone-treated beef. The EU's original ban prohibited, among other things, the importation of meat from animals to which any of six growth promotion hormones had been administered. The 2003 amendments to the EU's ban maintained a permanent prohibition on one of those hormones and provisionally applied the prohibition to the five other hormones, pending the availability of sufficient scientific evidence, even though the EU had claimed in the original dispute that it already had sufficient scientific evidence for banning these five hormones.

The EU claimed that the amended ban complied with the WTO's recommendations and rulings in the *EC-Hormones* dispute. The EU brought the current dispute against the United States in November 2004, claiming that after the EU had notified its amended ban to the WTO in 2003, the United States should have initiated a compliance proceeding under Article 21.5 of the Understanding on the Settlement of Disputes and terminated its sanctions against the EU.

In its report, the WTO panel found that the EU failed to show that it had removed the inconsistent measure because its amended ban still fails to satisfy the requirements of the Agreement on Sanitary and Phytosanitary Measures. The panel also found that the United States was not required to initiate an Article 21.5 proceeding, but that the United States should have had recourse to some form of dispute settlement after the notification of the EU's amended ban.

Both the United States and the EU have an opportunity to appeal today's report.

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