Council of the European Union

Brussels, 22 July 2019
(OR. en)

10658/1/19
REV 1 ADD 1

Interinstitutional File:
2019/0142(NLE)

WTO 180
AGRI 355
VETER 42
SAN 324
COTRA 10

COVER NOTE

No. Cion doc.:	COM(2019) 297 final/2 - ANNEX
Subject:	ANNEX to the Proposal for a COUNCIL DECISION on the conclusion of an agreement with the United States of America on the Allocation to the United States of a Share in the Tariff Rate Quota provided for by Regulation (EC) No 617/2009 of 13 July 2009 opening an autonomous tariff quota for imports of high-quality beef

Delegations will find attached document COM(2019) 297 final/2 - ANNEX.

Encl.: COM(2019) 297 final/2 - ANNEX

EUROPEAN
COMMISSION

Brussels, 24.6.2019
COM(2019) 297 final/2 –
DOWNGRADED on 16.7.2019

ANNEX

ANNEX

to the

Proposal for a

COUNCIL DECISION

on the conclusion of an agreement with the United States of America on the Allocation to the United States of a Share in the Tariff Rate Quota provided for by Regulation (EC) No 617/2009 of 13 July 2009 opening an autonomous tariff quota for imports of high-quality beef

ANNEX

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE EUROPEAN UNION ON THE ALLOCATION TO THE UNITED STATES OF A SHARE IN THE TARIFF RATE QUOTA FOR HIGH QUALITY BEEF REFERRED TO IN

THE REVISED MEMORANDUM OF UNDERSTANDING 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 (2014)

The United States of America and the European Union, the Parties to the Revised Memorandum of Understanding between the United States of America and the European Union 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 of 21 October 2013 (hereinafter "the 2014 MoU"), have agreed as follows:

Article 1

Objectives

The objectives of this Agreement are to:

1. allocate to the United States a share of the autonomous tariff rate quota ("TRQ") for High Quality Beef of 45 000 metric tonnes product weight referred to in Article II.4, Article II.5 and Article VI of the 2014 MoU; and

2. complement or modify certain rights and obligations of the Parties referred to in Articles III, IV, V, VII and VIII of the 2014 MoU.

Article 2

Allocations within the quota

1. The European Union shall allocate to the United States 35 000 metric tonnes of the 45 000 metric tonnes tariff rate quota referred to in Article 1. The remaining quantity of 10 000 metric tonnes shall be made available to all other countries. The allocations shall be phased in over a period of seven years ("the implementation period") as follows:

	United States	All others
Year 1	18 500 metric tonnes	26 500 metric tonnes
Year 2	23 000 metric tonnes	22 000 metric tonnes
Year 3	25 400 metric tonnes	19 600 metric tonnes
Year 4	27 800 metric tonnes	17 200 metric tonnes
Year 5	30 200 metric tonnes	14 800 metric tonnes
Year 6	32 600 metric tonnes	12 400 metric tonnes
Year 7 and subsequent years	35 000 metric tonnes	10 000 metric tonnes

2. For certainty, the core obligations in Article II(1) of the 2014 MOU, including the in-quota tariff rate of zero (0) %, apply to the portion of the TRQ allocated to the United States.

3. The annual volume of the TRQ shall be evenly divided among four quarterly sub-periods. The quota year shall begin on 1 July and end on 30 June.

Should this Agreement enter into force on a date other than 1 July, Year 1 of the implementation period shall start on the first day of the next sub-period of the quota year and shall last for four consecutive sub-periods[1]. Any unused quantities from the sub-periods preceding, in that quota year, the first day of Year 1 shall be added to the quantities available in the first sub-period of Year 1 of the implementation period. These quantities shall be added to the quantities allocated to the United States and to all others in proportion to their shares in the overall volume of the TRQ.

Article 3

Quota management

The share of the TRQ for High Quality Beef allocated to the United States shall be administered by the European Union on a first-come, first-served basis. The European Union shall make every effort to administer the share of the TRQ allocated to the United States in a manner that allows importers to fully utilize it. This Article replaces Article III of the 2014 MoU.

Article 4

EC-Hormones dispute

1. The United States Trade Representative shall conclude the proceeding initiated in December 2016, pursuant to Section 306(c) of the Trade Act of 1974, as amended, with a determination not to reinstate action to exercise the authorization in WT/DS26/21. The United States shall publish its determination no later than on the date of the entry into effect of the country-specific quota allocation specified for Year 1 in Article 2.

2. During the implementation period referred to in Article 2(1), the review period referred to in Article 4(3), and until such time a mutually agreed solution referred to in Article 4(3) is notified:

(a) the Parties shall not request the establishment of a panel under Article 21.5 of the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU") in "*European Communities – Measures concerning meat and meat products (Hormones)*" (WT/DS26) ("*EC — Hormones"*);

(b) the United States shall not suspend the application to the European Union of tariff concessions *and* related obligations as authorized by the Dispute Settlement Body of the World Trade Organization in *EC — Hormones,*

[1] For greater clarity, if this Agreement enters into force at the beginning of sub-period n of a quota year, the volume for Year 1 shall be made available in four consecutive sub-periods, divided evenly between those sub-periods, starting from sub-period n of that quota year, and ending in sub-period n-1 of the subsequent quota year. The volumes from Year 2 onwards shall be made available in four consecutive sub-periods, divided evenly between those sub-periods, starting from sub-period n of the subsequent quota year.

Recourse by the United States to Article 22.7 of the Dispute Settlement Understanding WT/DS26/21.

3. No later than ten (10) years following the entry into force of this Agreement, the United States and the EU shall meet to review the operation of the TRQ with a view to reaching a mutually agreed solution to be notified to the WTO Dispute Settlement Body in accordance with Article 3.6 of DSU by the end of the review. The review shall be completed no later than 11 years following entry into force of this Agreement. This provision replaces Article IV of the 2014 MoU.

4. Should the Parties fail to jointly notify such a mutually agreed solution to the WTO Dispute Settlement Body within 11 years following the entry into force of this Agreement, either Party may terminate the Agreement in accordance with Article 6.1.

Article 5

On-the-spot checks

The Commission may request the Government of the United States to authorize representatives of the Commission to carry out on-the-spot checks in the United States provided such on-the-spot checks are conducted on a non-discriminatory basis with respect to other country suppliers. Those checks shall be performed jointly with the competent authorities of the United States.

Article 6

Withdrawal and Effects

1. Either Party may withdraw from this Agreement by providing written notice to the other Party. This Agreement shall be terminated six months from the date of receipt of that notice by the other Party. Withdrawal from this Agreement shall not constitute withdrawal from the 2014 MoU unless the Parties expressly declare such an intention.

2. Withdrawal from the 2014 MoU pursuant to its Article V.4 shall entail withdrawal from this Agreement. The Parties shall respect the core obligations listed in Article II of the 2014 MoU during the six-month period from the date when the withdrawal notice referred to in Article V.4 therein was provided.

3. Absent notification to the WTO Dispute Settlement Body of a mutually agreed solution pursuant to Article 4(3), nothing in this Agreement shall be construed as changing the respective rights or obligations of either party under the DSU with respect to *EC — Hormones*.

4. Nothing in this Agreement shall be construed as conferring rights or imposing obligations on persons other than those established between the Parties themselves, nor as permitting that this Agreement be directly invoked before the courts and in the domestic legal systems of the Parties.

5. This Agreement shall enter into force on the first day after the date on which both Parties notified each other of the completion of the internal procedures that are necessary to ensure compliance with obligations of the Parties under Article 2 and Article 4 (1).

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at <LOCATION> this <DATE>, in duplicate in the English language, which is the authentic text of the Agreement.

For the United States of America

For the European Union