

**EUROPEAN COMMUNITIES – MEASURES CONCERNING  
MEAT AND MEAT PRODUCTS (HORMONES)**

Joint Communication from the European Union and Canada

The following communication, dated 17 March 2011, from the delegations of the European Union<sup>1</sup> and Canada to the Chairperson of the Dispute Settlement Body, is circulated at the request of those delegations.

Please find attached a Memorandum of Understanding between the Government of Canada and the European Commission regarding the importation of beef from animals not treated with certain growth-promoting hormones and increased duties applied by Canada to certain products of the European Union, in relation to the dispute *European Communities – Measures Concerning Meat and Meat Products (Hormones)* (DS48).

We would be grateful if this Memorandum of Understanding could be circulated to the Dispute Settlement Body.

For the European Union:

For the Government of Canada:

\_\_\_\_\_  
H.E. Mr. Angelos Pangratis  
Ambassador  
Permanent Representative of the European Union  
to the World Trade Organization

\_\_\_\_\_  
H.E. Mr. John Gero  
Ambassador  
Permanent Representative of Canada to the  
World Trade Organization

Geneva, Switzerland on this 17<sup>th</sup> day of March 2011

<sup>1</sup> On 1 December 2009, the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community (done at Lisbon, 13 December 2007) entered into force. On 29 November 2009, the WTO received a Verbal Note (WT/L/779) from the Council of the European Union and the Commission of the European Communities stating that, by virtue of the Treaty of Lisbon, as of 1 December 2009, the European Union replaces and succeeds the European Community.

MEMORANDUM OF UNDERSTANDING BETWEEN  
THE GOVERNMENT OF CANADA AND THE EUROPEAN COMMISSION  
REGARDING THE IMPORTATION OF BEEF FROM ANIMALS NOT TREATED WITH CERTAIN  
GROWTH-PROMOTING HORMONES AND INCREASED DUTIES APPLIED BY CANADA TO CERTAIN  
PRODUCTS OF THE EUROPEAN UNION

The Government of Canada ("Canada") and the European Commission ("the Commission"), jointly referred to as "both sides", have reached an understanding, as documented in this Memorandum of Understanding ("MOU"), regarding a roadmap concerning intended steps involving the importation of High Quality Beef into the European Union ("EU") and the level of increased duties imposed by Canada on certain EU products in connection with the dispute *European Communities – Measures Concerning Meat and Meat Products (Hormones)* ("DS48").

Canada and the Commission envisage the initiation of the necessary internal procedures for taking the steps envisaged in this MOU. Following completion of those steps, Canada and the EU envisage notifying this MOU as a mutually agreed solution to the Dispute Settlement Body ("DSB").

This MOU is not an international agreement between Canada and the Commission, nor does it otherwise create any legal obligations between Canada and the EU or between the signatories.

Signed in duplicate at Geneva, Switzerland on this 17<sup>th</sup> day of March 2011, in the English and French languages.

---

FOR THE GOVERNMENT OF CANADA

---

FOR THE EUROPEAN COMMISSION

## ANNEX

1. In order for Canada and the Commission to gain additional experience from expanded trade in High Quality Beef and to facilitate a transition to long-term conditions for such trade, Canada and the Commission envisage the following:

- (a) During the first phase ("Phase 1"):
    - (i) Expansion of the market access of High Quality Beef to the EU; and
    - (ii) Suspension of all increased duties imposed by Canada on certain EU products pursuant to the authorization of the World Trade Organization ("WTO") of 1999 (the "increased duties");
  - (b) The opportunity to move to a second phase ("Phase 2") for further expansion of market access of High Quality Beef to the EU; and
  - (c) The further opportunity for entering into a third phase ("Phase 3") with regard to DS48.
  - (d) For the purposes of this MOU, "High Quality Beef" is defined as follows:
    - (i) Beef cuts are obtained from carcasses of heifers and steers less than 30 months of age which have only been fed a diet, for at least the last 100 days before slaughter, containing not less than 62 % of concentrates, and/or feed grain co- products on a dietary dry matter basis, that meets or exceeds a metabolisable energy content greater than 12.26 mega joules per one kilogram of dry matter.
    - (ii) The heifers and steers that are fed the diet described in point (i) are fed, on average, no less than 1.4 % of live body weight per day on a dry matter basis.
    - (iii) The carcass from which beef cuts are derived is evaluated by an evaluator employed by the national government who bases the evaluation, and a resulting classification of the carcass, on a method approved by the national government. The national government evaluation method, and its classifications, evaluates expected carcass quality using a combination of carcass maturity and palatability traits of the beef cuts. Such an evaluation method of the carcass includes, but is not limited to, an evaluation of the maturity characteristics of colour and texture of the *longissimus dorsi* muscle and bone and cartilage ossification, as well as an evaluation of expected palatability traits, including a combination of the discrete specifications of intramuscular fat and firmness of the *longissimus dorsi* muscle.
    - (iv) The cuts are labelled in accordance with Article 13 of Regulation (EC) No. 1760/2000 of the European Parliament and of the Council.
    - (v) The indication "High Quality Beef" may be added to the information on the label.
2. (a) At the beginning of Phase 1, an increase of an annual quantity of 1500 Metric Tonnes of High Quality Beef to the autonomous tariff rate quota for High Quality Beef, with

an in-quota tariff rate of zero (0%), established by the EU in Council Regulation (EC) No. 617/2009, of 13 July 2009, is envisaged.

- (b) As soon as possible in the weeks following the signing of this MOU, the suspension of all increased duties on certain EU products under the *European Union Surtax Order* of Canada is envisaged. Canada will initiate the domestic process for such suspension upon the signing of this MOU.
  - (c) Should Phase 2 begin, as described in paragraphs 1(b) and 5(a)(iii), an increase is envisaged in the quantity of the autonomous tariff rate quota referred to in paragraph 2(a) to 3,200 Metric Tonnes product weight, at a zero duty rate.
  - (d) Should Phase 3 begin, as described in paragraphs 1(c) and 5(d):
    - (i) The maintenance of the quantity of the autonomous tariff rate quota referred to in paragraph 2(a), at the level specified in paragraph 2(c), is envisaged; as well as
    - (ii) The termination of all the increased duties imposed in connection with DS48.
3. If the event envisaged in paragraph 2(a) has not occurred by July 31, 2012, Canada may reinstate the increased duties imposed by Canada on the EU products that are listed in the *European Union Surtax Order* of Canada, pursuant to the authorization of the WTO of 1999.
4. (a) It is envisaged that the autonomous tariff rate quota referred to in paragraph 2 will be administered by the Commission in accordance with the rules applied for similar import tariff rate quotas for agricultural products managed by a system of import licenses.
- (b) It is envisaged that the Commission will implement and administer the autonomous tariff rate quota referred to in this MOU in accordance with Article XIII of the *General Agreement on Tariffs and Trade* (GATT) 1994, including its interpretative notes, and the *Agreement on Import Licensing Procedures*.
- (c) It is envisaged that the Commission will make every effort to administer the autonomous tariff rate quota referred to in paragraph 2 in a manner that allows importers to make full use of it.
5. (a) Both sides envisage:
  - (i) Monitoring and periodically reviewing the operation of this MOU;
  - (ii) Upon the request of either side, additional bilateral consultations regarding the operation of this MOU, including issues of quota management, no later than thirty (30) days following the receipt of a request for consultations in writing; and
  - (iii) Meeting no later than three (3) months from the commencement of Phase 1, to review the operation of Phase 1, with a view to entering into Phase 2.
- (b) Should Phase 2 begin, both sides envisage, beginning no later than six (6) months from the date on which the increase in the autonomous tariff rate quota described in

paragraph 2(c) occurs, meeting to review the operation of Phase 2, with a view to entering into Phase 3.

- (c) Such a review will cover, *inter alia*, the following issues:
    - (i) The duration of Phase 3;
    - (ii) The status and effect of this MOU under the *Understanding on Rules and Procedures Governing the Settlement of Disputes* (DSU);
    - (iii) The consequences of non-occurrence of an envisaged event foreseen under this MOU; and
    - (iv) The status and disposition of any dispute settlement proceeding in DS48.
  - (d) After concluding the review referred to in paragraph 5(c), if both sides reach an understanding on conditions for entering into Phase 3, they may amend this MOU in writing in order to reflect the conclusions of the review. Such an amendment will not alter the core steps referred to in paragraph 2(d).
- 6.
- (a) Phase 1 is envisaged to last until 1 August, 2012.
  - (b) Should Phase 2 begin, Phase 2 is envisaged to have a duration of one (1) year.
  - (c) If no understanding as referred to in paragraph 5(d) is reached by the end of Phase 2, it is envisaged that this MOU will be considered no longer applicable, unless both sides state otherwise in writing. During a period of six (6) months following such an event, it is envisaged that the event as described in paragraph 2(c) would be maintained.
  - (d) Either side may inform the other that it no longer envisages the events described in this MOU by providing written notice to the other side. Should either side provide such written notice, it is envisaged that this MOU would no longer be considered applicable six (6) months from the date such notice was provided. Should both sides provide such written notice, it is envisaged that this MOU would no longer be considered applicable six (6) months from the earliest of the dates on which such notice was provided. During this six (6) month period, it is envisaged that the provisions in paragraph 2, applicable at the time of the provision of the written notice, would be maintained.
- 7.
- (a) It is envisaged that neither Canada nor the EU will request the establishment of a panel under Article 21.5 of the DSU in DS48 before 1 February 2011.
  - (b) If a panel is established under Article 21.5 of the DSU in DS48, it is envisaged that both sides will work together to ensure that:
    - (i) The interim report is not issued; and
    - (ii) The authority of the panel does not lapse due to the expiry of the period referred to in Article 12.12 of the DSU before the end of Phase 1, if neither side withdraws from Phase 1 before its conclusion, or Phase 2, if both sides should enter into Phase 2 and neither side withdraws from Phase 2 before its conclusion. It is envisaged that Canada and the EU will take the steps that

may be necessary to achieve those objectives. Without limiting the foregoing, it is envisaged that Canada and the EU would jointly request the panel to include in its Working Procedures that the panel will provide notice to the parties five (5) weeks before issuing the interim report; if the date of issuance of the interim report is during Phase 1 or Phase 2, Canada and the EU will request the panel to suspend its proceeding.

- (c) This MOU or Canada's or the EU's taking of any of the steps contemplated by this MOU is without prejudice to the disagreement between them regarding whether the DSB recommendations and rulings in DS48 have been implemented.
- (d) This MOU does not affect the rights and obligations of Canada and the EU under the Agreement Establishing the World Trade Organization.

---