

Voluntary Report – Voluntary - Public Distribution

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Report Name: High Quality Beef Quota Year 2021-2022 Ends Positively for US Beef Exports

Country: European Union

Post: Brussels USEU

Report Category: Agricultural Situation, Livestock and Products

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Report Highlights:

U.S. beef exports into the EU's High Quality Beef (HQB) quota seem to finally have emerged from the impact of COVID-19 restrictions in the last quarter of the 2021/2022 quota year. In the quota year 2022-2023, U.S. beef exporters can at last start benefitting from the 2019 agreement with the EU about reserving a U.S. specific part of the HQB quota, which was negotiated between the United States and the European Union in 2009. However, with 12,923 MT used out of 24,200 MT available in 2021/2022, U.S. beef exporters must build from a low export basis.

U.S. beef exports into the EU’s HQB quota amounted to almost 13 thousand metric tons (MT) in quota year 2021/2022, up 10 percent from just under 11,800 MT in 2020/2021. However, given the total quota availability reserved for U.S. exports of 24,200 MT, only 53.4 percent of the quota amount was used. This means that 11,277 MT of the U.S. HQB quota went unused, valuing over \$100 million of lost export opportunity.

On a positive note, the last quarter of the quota year saw imports increase to over 3,900 MT, which is the highest quarterly volume since the beginning of the COVID-19 epidemic. While U.S. beef exporters finally obtained a reserved specific U.S. part of the HQB at the beginning of 2020, the arrival of the COVID-19 pandemic in the spring of 2020 meant that U.S. beef exporters could not fully utilize this enhanced EU market access as the EU hospitality sector was shut down and demand for U.S. beef dwindled. With the worst part of the COVID-19 pandemic hopefully behind, it appears that EU demand for U.S. beef is finally picking up.

U.S. HQB Exports to the EU in Quota Year 2021/22			
Period	Available quota	EU imports	Unused quota
Quarter 1	5,750 MT	2,998.27 MT	2,751.73 MT
Quarter 2	5,750 MT	3,558.97 MT	2,191.03 MT
Quarter 3	6,350 MT	2,437.93 MT	3,912.07 MT
Quarter 4	6,350 MT	3,928.22 MT	2,421.78 MT
Total 2020/21	24,200 MT	12,923.39 MT	11,276.61 MT

Background:

The high-quality beef MOU stems from a U.S. WTO win over the EU’s restriction on hormones. The [Implementing Regulation 2019/2179](#) modifying the HQB quota allocation management was published in the OJ on December 20, 2019 and started on January 1, 2020. 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 (2021)	23,000 MT	22,000 MT
Year 3 (2022)	25,400 MT	19,600 MT
Year 4 (2023)	27,800 MT	17,200 MT
Year 5 (2024)	30,200 MT	14,800 MT
Year 6 (2025)	32,600 MT	12,400 MT
Year 7 and subsequent years	35,000 MT	10,000 MT

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As the new quota allocation started in the middle of the 2019-2020 quota year and incremental increases have a full-year validity, different quota allotments 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.

Related reports from FAS/USEU:

Country	Title	Date
European Union	Updated Comparison of EU Tariff Rate Quotas for High Quality Bovine Meat	07/01/2022
European Union	US Beef Imports into the EU Remained Subdued Throughout 2021	01/27/2022
European Union	COVID-19 Costs US Beef Exporters USD 100 Million of Lost High Quality Beef Sales to the EU in Quota Year 2020-21	07/20/2021
European Union	COVID-19 Hampers 2020 US High Quality Beef Quota Exports to the EU	01/09/2021
European Union	Update on the Management of EU Tariff Rate Quotas	07/17/2020
European Union	New High Quality Beef TRO Allocation Starting January 1 of 2020	12/23/2019

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Attachments:

No Attachments.