



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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Baucus Rejects European Union Beef Hormone Complaint
Senator Says Ban on US and Canadian Beef Has No Scientific Basis

(WASHINGTON, D.C.) Today, U.S. Senator Max Baucus, Ranking Member of the Senate Finance Committee sent a letter to European Union (EU) Trade Commissioner Pascal Lamy voicing his concerns regarding beef hormone issues. Baucus' complaint lies with the EU's assertion they are in compliance with the World Trade Organization's (WTO) 1997 ruling against a ban on the imports of United States and Canadian beef that has been produced with the aid of growth hormones.

On November 8, 2004 the EU filed a complaint with the WTO against the United States for its longstanding retaliatory tariffs of \$117 million that were authorized in July 1999 by the WTO to counter a 1989 EU ban on the import of beef from the United States produced with certain growth promoting hormones. The basis for the current WTO complaint is the EU's assertion that they have conducted further scientific analysis that justifies continuation of its import bans.

"The EU lost its case at the WTO in 1997 to justify these bans because it failed to provide credible scientific evidence that the hormones used in U.S. cattle production were harmful to humans. Subsequent appeals have confirmed that the EU has no reasonable basis to ban U.S. or Canadian beef," Baucus said. "Frankly, the direction the EU is headed on this issue will likely lead to ever more aggressive efforts from the Congress to address the beef hormone impasse itself."

Full text of Senator Baucus' letter to EU Trade Commissioner Pascal Lamy follows:

November 18, 2004

Pascal Lamy
European Trade Commissioner
External Trade
European Commission
200, rue de la Loi
B - 1049 Brussels
Belgium

Dear Commissioner Lamy,

I write you today regarding an issue of great concern to U.S. agriculture in general and my home state in particular. I represent a cattle and beef producing state that has been directly impacted by this ongoing trade issue. Cash receipts from cattle and calves in Montana totaled \$955 million in 2003 and account for half of all agricultural receipts.

As you are aware, the European Community on November 8 asserted that it was in compliance with World Trade Organization rules regarding bans against the import of U.S. and Canadian beef produced with the aid of growth hormones. As you know, the EU lost its case at the WTO in 1997 to justify these bans because it failed to provide credible scientific evidence that the hormones used in U.S. cattle production were harmful to humans. Subsequent appeals have confirmed that the EU has no reasonable basis to ban U.S. or Canadian beef.

I find it troubling that the EU has now filed a WTO complaint against the United States for its ongoing retaliatory tariffs of \$117 million that we were authorized to impose in July 1999 by the WTO. I understand that the basis for the EU complaint is the assertion that further scientific analysis was conducted that purportedly justified the longstanding hormone bans.

I want to be clear that I reject the EU's claim. The EU is relying upon studies that are not peer-reviewed, in some cases have nothing to do with human health, and in conflict with credible and widely accepted international scientific bodies like the CODEX Alimentarius. Reputable international scientists are crystal clear that there is no reasonable basis for the EU's continued prohibition.

Frankly, I am disappointed that the EU would actively mislead its own members and the world with assertions that they have conducted legitimate risk analysis that justifies the bans. This is an obvious attempt to protect domestic agricultural interests and appease the anti-hormone consumer groups.

For my part, I am committed to work with my colleagues in the Congress, the Bush Administration, and the U.S. beef producing industry to come to a timely resolution to this issue. In August 2002, I called upon the Administration to increase the level of retaliation against the EU to adjust for additional beef trade lost by new Central and Eastern European countries recently added to the EU who will be obligated to abide by its hormone prohibitions. I also suggested that the enforcement of retaliatory tariffs be rotated among countries and commodities to further motivate EU reform. I am pleased to see that the U.S. Trade Representative's office last Monday expressed its displeasure with what some have characterized here in the United States as an obvious "delay and deceive" approach to the issue by the EU.

The bottom line is that I have an obligation to my constituents in Montana and my fellow agricultural producing states to assure that we can compete in the world market on a level playing field with transparent rules based upon internationally accepted scientific principles. You should expect no less for your constituents who are selling their products in the United States.

I must caution that my patience is limited in tolerating repeated attempts by the EU to continue policies have been deemed WTO illegal and that lack basis in credible science. Frankly, the direction the EU is headed on this issue will likely lead to ever more aggressive efforts from the Congress to address the beef hormone impasse itself.

My door is always open to constructive dialogue.

Sincerely,

Senator Max Baucus
Ranking Minority Member
Senate Finance Committee
United States Senate