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UNFAIR TRADE PRACTICES; EC HORMONES DIRECTIVE.

AGENCY: Office of the United States Trade Representative.

ACTION: Request for Public Comments on Possible U.S. Actions in Response to the European Community's Animal Hormone Directive.

SUMMARY: The Section 301 Committee will conduct a public hearing on possible U.S. actions in response to the European Community's Animal Hormone Directive.

FOR FURTHER INFORMATION CONTACT: Donald S. Abelson, Director, Technical Trade Barriers, Office of the United States Trade Representative (USTR), 600 17th St., N.W., Washington, D.C. 20506, (202) 395-3063; or Richard Parker, Assistant General Counsel, USTR, (202) 395-6800.

BACKGROUND: In December 1985, the European Community (EC) adopted the "Council Directive Prohibiting the Use in Livestock Farming of Certain Substances Having a Hormonal Action" ("Hormone Directive"). The directive will prohibit imports into EC member



countries of any meat produced from animals treated with growth hormones. It is scheduled to become effective Jan. 1, 1988.

The United States considers that the directive is not based on valid scientific evidence, and that it constitutes an unjustifiable restriction on trade. The United States has repeatedly protested the directive both bilaterally and within the framework of the Agreement on Technical Barriers to Trade ("Standards Code") of the General Agreement on Tariffs and Trade (GATT).

In January 1987, the United States requested consultations with the EC under Article 14.1 of the Standards Code. These consultations were held in February and April, without satisfactory results. On April 29, 1987, we requested the GATT Committee on Technical Barriers to Trade to investigate the matter. The Committee met in May, June, July and September. That investigation failed to yield a solution because of EC insistence, against the weight of scientific evidence, that consumption of meat from animals treated with growth hormones is dangerous to human health. On July 15, 1987, the United States asked for the formation of a Technical Experts Group (TEG) under Article 14.9 of the Standards Code, in order to examine the scientific basis, if any, for the EC claim. The EC blocked, and continues to block, the formation of such a group of experts. Additional consultations have failed to yield meaningful progress on the underlying issue.

Based on a recent decision of the EC Council of Agricultural Ministers, the EC Commission has assured us that all member states will continue their present practices with regard to the importation of U.S. meat for 12 months. However, there is no agreement on the resolution of the problem beyond the 12-month transition period.

The United States feels compelled to respond to the Hormone Directive by proceeding to consider increasing customs duties or otherwise restricting the importation of products of the EC having a value comparable to the effect on United States commerce of implementation of the directive. Our assessment is that the comparable value is approximately \$100 million. Generally the Administration is considering increasing customs duties to a prohibitive rate of 100 percent ad valorem on some combination of products listed in the following annex. Furthermore, the Administration is considering making these increases effective soon after the implementation of the Hormone Directive on Jan. 1, unless the EC has acted by that time to ensure that the directive does not impede U.S. meat exports. We expect the EC to permit dispute settlement procedures to proceed during the transition period.

Under section 301 of the Trade Act of 1974, as amended, 19 U.S.C. 2411, the President is authorized to take all appropriate and feasible action within his power to obtain the elimination of an

act, policy or practice of a foreign government or instrumentality that is inconsistent with, or denies the U.S. benefits under, a trade agreement; or is otherwise unjustifiable, unreasonable or discriminatory and a burden or restriction on U.S. commerce. Section 301(b)(2) expressly authorizes the President to impose duties or other import restrictions on the goods of a foreign country or instrumentality for such time as he deems appropriate. Measures under section 301 may be taken on a discriminatory or nondiscriminatory basis at the discretion of the President.

PUBLIC HEARING: The Section 301 Committee will hold a hearing at 9:30 a.m. on Wednesday, Dec. 9, 1987, regarding products of the EC that may be subject to increased U.S. customs duties or other import restrictions for the reasons explained above. The Committee will consider public comments in recommending any action under section 301 to the U.S. Trade Representative for his recommendation to the President. In particular, the Section 301 Committee seeks interested persons' assessment of: (1) the appropriateness of the products being considered for possible retaliation; (2) the levels at which U.S. customs duties should be set; and (3) the degree to which increased duties might have an adverse impact on U.S. consumers of the products concerned.

Products being considered for increased duties or other import restrictions are listed in the attached annex. Additional products may be considered and notified for public comment at a

later date, as necessary to respond to comments provided in these hearings.

The hearings will be held at the Department of Commerce, Room B841, Fourteenth St. and Constitution Ave., N.W., Washington D.C. Admittance is through the Fourteenth St. entrance. Interested persons wishing to testify orally must provide written notice of their intention by noon on Dec. 3, 1987, to Carolyn Frank, USTR, Room 521, 600 17th St. N.W., Washington, D.C. 20506. In addition, they must provide the following information: (1) their names, addresses, and telephone numbers; and (2) a summary of their presentation, including the products, with Tariff Schedules of the United States item numbers, to be discussed.

Persons presenting oral testimony must submit a complete written statement in 20 copies by noon, Dec. 7, 1987, to Carolyn Frank at the above address. Remarks at the hearing will be limited to 5 minutes.

Persons not wishing to participate in the hearing may submit a written statement in 20 copies by noon, Dec. 11, 1987. All written comments must be filed in accordance with 15 C.F.R. 2006.8.

Submissions should indicate clearly any information for which business proprietary treatment is requested and why such information should be accorded proprietary treatment. A non-confidential

summary must be included. In addition, submissions should indicate at the cover page that business proprietary information is included and each page subject to a request for proprietary treatment must be marked at the top: "BUSINESS PROPRIETARY."

The products being considered for increased duties or other import restrictions are listed in the annex to this notice in terms of the nomenclature of the current Tariff Schedules of the United States (TSUS). Inasmuch as the target date for implementation of the Harmonized System tariff nomenclature by the United States is Jan. 1, 1988, a supplemental notice will be issued giving the corresponding product categories in the nomenclature of the proposed Harmonized Tariff Schedule of the United States which will be considered for increased duties or other import restrictions.

Judith Hippler Bello

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Chairman, Section 301 Committee

Annex

Articles, the product of the European Community, classified in the following provisions of the Tariff Schedules of the United States (TSUS) are being considered for increased duties:

TSUS or TSUSA <u>1</u> / item number	Article
	[The bracketed language in this list is included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]
	Meats (except meat offal), fresh, chilled, or frozen, of all animals (except birds):
	Cattle:
106.1060	Beef, without bone
	Pork, prepared or preserved (except sausages):
	Not boned and cooked and packed in airtight containers:
107.3020	Hams and shoulders
	Boned and cooked and packed in airtight containers:
	[Hams and shoulders; bacon]
107.3560	Other
	Fish, fresh, chilled, or frozen, whether or not whole, but not otherwise prepared or preserved:
	[Sea herring, smelts, and tuna]
	Other:
	Skinned and boned, whether or not divided into pieces, and frozen into blocks each weighing over 10 pounds, imported to be minced, ground, or cut into pieces of uniform weights and dimensions:
	[Cod]
	Flatfish:
110.4724	Turbot
110.4726	Other
110.4730	Haddock
110.4740	Pollock
110.4755	Whiting
110.4760	Atlantic ocean perch (rosefish)
110.4765	Other

1/ Tariff Schedules of the United States Annotated (19 U.S.C. 1202).