

**Voluntary Report** – Voluntary - Public Distribution

**Date:** January 27, 2022

**Report Number:** E42022-0003

**Report Name:** US Beef Imports into the EU Remained Subdued Throughout 2021

**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 had a hard time in 2021 as they suffered from the repeated closures of the EU hospitality sector from COVID-19. EU imports of U.S. beef decreased substantially after the end-of-year 2020 holiday season and only gradually increased throughout 2021 again. As a result, they ended below 2020 imports, which had still benefited from the first quarter before the COVID-19 impact. As the U.S. specific HQB quota increased as planned in the new year, the quota usage ratio sank to fifty percent.

U.S. beef exports to the European Union (EU) into the High Quality Beef (HQB) quota in 2021 started from a low level due to the continuation of pressure from COVID-19 in 2020. However, throughout 2021, the EU imports of U.S. HQB steadily climbed each quarter from 2.3 thousand metric tons (TMT) in Q1 to 3.5 TMT in Q4. The quarterly quota fill numbers in the table below reflect the evolution of COVID-19 in the EU and its impact on the hotel, restaurant, and institutional (HRI) catering sectors, which is the main outlet for U.S. beef. While the HRI sector was able to reopen for much of the second half of 2020, the succession of the different waves of COVID-19 have kept much of the sector under locks until late in the summer of 2021. As repeated closures have also threatened the economic survival of many HRI businesses, lots of them have enlarged their business model to take-away and delivery. This kept the demand for U.S. beef from falling back even further. While much of the HRI sector remains open under restrictions, the arrival of the delta variant, followed by the omicron variant, are again discouraging consumers from eating out, leading to a decrease in demand for U.S. beef.

<b>U.S. HQB Exports to the EU</b>		
<b>EU imports in Metric Tons</b>	<b>2020</b>	<b>2021</b>
Quarter 1	4,153.33 MT	2,306.41 MT
Quarter 2	1,873.05 MT	2,668.89 MT
Quarter 3	3,680.14 MT	2,998.27 MT
Quarter 4	3,127.40 MT	3,547.94 MT
<b>Total Imported</b>	<b>12,833.92 MT</b>	<b>11,511.51 MT</b>
Quota Availability	18,500 MT	23,000 MT
Quota Usage	69.37%	50.05%

### **Background:**

COVID-19 struck at an unfortunate time for U.S. HQB exports. After years of restricted exports because of strong competition from third country beef exports into the EU HQB quota, U.S. and EU negotiators, at the end of 2019, finally reached agreement to modify the existing EU high quality beef 45,000 MT tariff-rate quota (TRQ) to include a country allocation specifically for the United States. 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:

<b>HQB Quota allocation</b>	<b>United States</b>	<b>All other eligible countries</b>
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

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:**

Title	Date
<a href="#">COVID-19 Hampers 2020 US High Quality Beef Quota Exports to the EU Brussels USEU European Union 01-09-2021</a>	01/11/2021
<a href="#">New High Quality Beef TRQ Allocation Starting January 1 of 2020 Brussels USEU European Union 12-18-2019</a>	12/18/2019

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**Attachments:**

No Attachments.