

EU to WTO: U.S., Canada Sanctions Illegal

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BRUSSELS (Reuters) - The European Union executive asked the World Trade Organization on Monday to rule that it was illegal for the United States and Canada to retain sanctions on EU exports to counter the bloc's ban on hormone-treated beef.

The EU's ban on beef treated with growth hormones -- despite agreements that each side recognizes the other's food as safe -- has long been a thorn in the side of transatlantic food trade ties.

The U.S. sanctions apply to a variety of EU exports, such as Roquefort cheese, mustard, truffles, French hams and soups worth \$116.8 million a year. Canada's sanctions are worth \$9.5 million a year.

"There is no reason why European companies should continue to be targeted by sanctions when they export to Canada and the United States," EU Trade Commissioner Pascal Lamy said in a statement.

"The EU ban on certain growth promoting hormones is now in full respect of our international obligations," he added.

The United States and Canada on Monday showed no signs of stepping back from their sanctions.

"We still don't see how they (the Europeans) are in compliance, because the EU ban remains in place and is still unsupported by any scientific rationale," said Richard Mills, a spokesman for the U.S. Trade Representative in Washington.

Mills said the EU is concerned about hormone levels that "are 50 times less than the acceptable daily intake and they represent a tiny fraction of what occurs naturally in an egg or one glass of milk."

A spokeswoman for Canadian Trade Minister Jim Peterson insisted "there is no scientific basis for the EU's hormone ban." She added, "Canada intends to continue retaliation" until the EU demonstrates it is complying with the WTO's rulings on the matter.

The EU has banned the use of growth-promoting hormones, arguing too little is known about them to estimate the possible risk to consumers.

But in 1988 the WTO ruled against the EU, saying there was not sufficient evidence to support the ban. The following year the United States and Canada imposed sanctions, citing the lack of scientific evidence that growth hormones were a threat to health. Both countries use hormones in breeding cattle.

Since then the EU has been gathering independent scientific evidence to support its ban and last year changed its rules to include a permanent ban on oestradiol 17B and temporary bans on five hormones, including testosterone and progesterone, that are used in a cocktail given to cattle.

The EU argues that if the United States and Canada disagree with the EU ban on hormone beef, it should refer the dispute to the WTO instead of continuing with unilateral sanctions.

"The EU challenges Canada's and the United States' continued imposition of sanctions against EU exports because of the EU's ban on hormone beef," the EU executive said.

"The EU believes these sanctions are illegal since the EU has removed the measures found to be WTO inconsistent in the WTO dispute on hormone beef dating from 1998," it added.

Under WTO rules, the EU, Canada and the United States have 60 days to discuss the sanctions formally before the case moves to a panel that would issue a binding ruling.

(Additional reporting by Richard Cowan in Washington and Gilbert Le Gras in Ottawa)