

Abstract

For historical reasons European consumers have much higher risk-aversion to food-safety hazards and their fears are given voice through a consumer lobby with increased strength .The European Union implemented a ban on imports of meat from animals treated with growth promotants cutting off U.S. beef exports to the E.U. In 1999 ,the United States challenged the E.U. ban as a violation of the SPS Agreement. A WTO dispute panel found the bans to violate the WTO Agreement because the E.U. had not definitively demonstrated that the beef would cause harm to consumers. While the E.U. argued that it had the right to protect its citizens against uncertain risks from the hormones, the panel concluded that the WTO rules require proof of such harm before trade can be restricted.The Appellate Body concluded and recommended that the ban on the use of hormones to promoted growth in beef constituted an “unjustifiable” distinction , the E.U. should bring its measures into conformity with its obligations under the SPS Agreement. Were the E.U. and the U.S. unable to agree on some form of compensation,and were the E.U. to continue to refuse to comply with the panel report, the U.S. could request authorization to retaliate, a request likely to be granted automatically under the dispute settlement rules.

As a result, The arbitration panel granted the U.S. permission to impose \$116.8million USD in retaliatory trade sanctions each year that the E.U. maintains its ban. Nonetheless in the real world, the E.U. attempted to frustrate the will and acted against the decision of the WTO’s arbitration and damaged the credibility of the WTO that need to be improve as soon as possible.