

# Major S.Korea retailers to resume U.S. beef sales

Tue Nov 25, 2008 1:34am EST

By Miyoung Kim

SEOUL, Nov 25 (Reuters) - Major South Korean retailers said on Tuesday they would resume sales of U.S. beef suspended five years ago due to fears about mad cow disease.

U.S. beef returned to South Korea in late July despite weeks of street protests against the move, but was sold only at small stores and not major outlets such as top three retailers Lotte Mart, E-Mart and Home Plus, which is owned by Britain's Tesco.

With sales of U.S. beef increasing steadily to outstrip sales of Australian meat during October, the country's top three discount store chains said they would resume sales from Thursday.

South Korea banned imports of U.S. beef in late 2003 because of an outbreak of mad cow disease. Before then, it had imported about 199,000 tonnes, or \$850 million worth, of the product a year, accounting for two-thirds of South Korea's beef imports.

In 2007, the country briefly allowed in boneless beef from cattle younger than 30 months, only to suspend imports after prohibited bone chips showed up in several U.S. shipments.

U.S. lawmakers have said a separate, sweeping bilateral free trade deal may have trouble making its way through Congress unless South Korea fully opened its market to U.S. beef.

The deal, which has yet to be approved by legislatures in either country, is facing further difficulties with U.S. President-elect Barack Obama saying it should be renegotiated because the agreement's auto provisions favour South Korea.

## STREET PROTESTS

The agreement to resume shipments to what had been the third-largest import market for U.S. beef sparked street protests and caused a crisis for South Korean President Lee Myung-bak earlier this year, with several thousand demonstrators turning out in central Seoul.

The disputes over safety eased after the two countries reached a private-sector deal in June to restrict trade in U.S. beef to cattle under 30 months old and to forbid exports of parts that are thought to pose a higher risk of mad cow disease.

U.S. beef imports last year came to only 14,600 tonnes, ranking No. 3 behind Australia and New Zealand, but the product has already overtaken New Zealand this year to take the No.2 slot.

Beef imports from the United States totalled 44,326 tonnes so far this year, above 33,900 tonnes from New Zealand but still well below 112,900 tonnes shipped from Australia, according to government data.

South Korea has some of the world's highest domestic beef prices, because of farm subsidies and a complex distribution system that raises costs. U.S. beef has typically sold at about half the cost or less of similar cuts of local beef.

With no restrictions, some experts estimate U.S. beef exports to South Korea could reach \$1.1 billion.

(Additional reporting by Kim Yeon-hee, Park Ju-min and Jon Herskovitz; Editing by Keiron Henderson and Alex Richardson)