

## A FIRESTORM IN KOREA OVER U.S. BEEF

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After more than two years of negotiation, false starts, and delay, Korea announced in April its intention to fully open its market to imports of U.S. beef, subject to finalization of health-related import regulations. However, over the past month, public protests that began peacefully on May 2 have grown in size and become increasingly violent, despite a formal apology by President Lee Myung-bak over his failure to communicate sufficiently with the body politic. In light of the protests, a drastic drop in President Lee's approval ratings, and a delay of finalization of the regulations governing imports, it is uncertain when U.S. beef will return to Korean shelves. As *Insight* went to press, Korea was seeking U.S. support for a pledge from exporters not to ship beef from cattle over 30 months to Korea.

**Protests Emerge, President Apologizes:** The quarantine regulations necessary for the resumption of U.S. beef exports were initially expected to be in place by May 15, only to be pushed back twice. On May 29, Agriculture Minister Chung Woo-chun announced the details of the regulations, which by law take effect when they are published in the official gazette. However, over 10,000 protesters took to the streets of Seoul, blocking traffic in the heart of the city, with the number of protesters swelling to 40,000 only two days later. The protests, which began as student-led opposition to the new beef protocol, have grown to include a coalition of 1,700 civic organizations, student associations, and groups of internet users. The initial student drive has also led to a push for President Lee's impeachment, with one student heading up an on-line petition to impeach the president that has garnered 1.3 million signatures. Protests have turned violent, with more 100 protesters detained at the end of May in a single day, and 545 since late last month. President Lee's approval ratings have plummeted to 22 percent, the lowest level ever for a Korean president during his first 100 days in office. Polls also show that 77 percent of Koreans believe that the agreement should be renegotiated. The situation became so politically volatile that President Lee made a national television address on May 22 to formally apologize for his actions, saying "I humbly accept the proposition that we neglected to heed the will of the people. I feel sorry," and that "[t]he government's position is firm. Public health will not be traded for anything."

Opposition political parties lined up behind the public protests. Citing what they called "the politics of complacency," the three main opposition parties called for the resignation of President Lee's cabinet and jointly filed for an injunction to stop the changes in the quarantine rules for U.S. beef and an administrative suit to void the revised inspection rules. They have also sought a ruling from the Constitutional Court on the legitimacy of the administration's decision on U.S. beef. Five leaders of the Democratic Labor Party began a hunger strike.

**Government's Response:** On June 2, President Lee announced that Korea will not import U.S. beef over 30 months of age, with Korea asking the United States to refrain from exports over 30 months of age. Quarantine inspections of U.S. beef are not expected to resume until Seoul receives a response from Washington regarding its request. U.S. Ambassador to Korea Alexander Vershbow reiterated after President Lee's announcement that the United States will not renegotiate the beef protocol. However, in an effort to address public concern in Korea, Tyson Foods, Cargill, JBS Swift, National Beef, and Smithfield Beef Group all offered to label packages to indicate whether cattle were younger or older than 30 months when slaughtered.

In an earlier effort to ease concerns, ROK Trade Minister Kim Jong-hoon and U.S. Trade Representative Susan Schwab released a joint statement on May 20 recognizing Korea's right to suspend shipment of U.S. beef for health and safety concerns as allowed under the General Agreement on Tariffs and Trade. Agriculture Minister Chung, in his May 29 announcement, pledged to tighten monitoring to prevent import of "Specified Risk Materials" and noted the imposition of requirements for place-of-origin labeling and for some cuts to carry information on the age of the animal from which the cut came. The government also promised increased assistance to local cattle farmers. Notwithstanding a spokesman's statement on June 2 that "the government will make various efforts to placate public resentment, but the official posting of the U.S. beef import deal cannot be postponed or scrapped," the Agriculture Ministry announced at the end of the day that implementation of the new regulations would be delayed.

All of the controversy over U.S. beef is coming to a head at a time when Koreans are beginning to realize that Korea itself does not have an adequate inspection system to ensure that Koreans are not at risk from BSE from Korean cattle. While the United States is classified as a "controlled risk" country by the World Organization for Animal Health (OIE), Korean beef is classified as an "undetermined risk" as Korea has not submitted to the OIE the full materials needed for classification due to a lack of data. Korean officials are expected to announce an increase in the budget for quarantine inspectors to gather the data needed for an OIE assessment.

**The Outlook:** Assuming that the quarantine regulations will become effective shortly, it is expected that imports will begin with 5,300 tons of boneless beef already in cold storage in Korea, to be followed in mid-June by bone-in cuts calibrated to Korean tastes. However, its return to store shelves in quantity is far from assured. When boneless beef was readmitted to the Korean market last year, until suspension of imports following discovery of some cartons containing bones, its appearance on shelves was greeted with violent protests in some stores. With this fresh in their minds, a number of major stores in Korea have announced that they will not stock U.S. beef. An E-Mart spokesman told the *Korea Times* that "[w]e will continue to monitor the situation. We understand that the government has announced the resumption of U.S. beef, but our stores won't sell it until we see some level of acceptance from the public and a safety assurance regarding U.S. beef. This could take years." Following suit, U.S. chains such as Burger King, McDonalds, and Outback Steakhouse have also announced that they will not use U.S. beef.

The crisis over beef is showing the potential to grow into a general protest against U.S. products. The *Korea Times* reported that internet posts are beginning to call for general boycotts of U.S. made products, and one leading UDP policymaker expressed the sentiment that the public backlash could grow into an anti-U.S. products campaign.

Opposition lawmakers have pledged to block ratification of the KORUS FTA if the government does not address the concerns of citizens about U.S. beef. Opposition parties are also threatening to boycott the opening of the new National Assembly if the beef agreement is not renegotiated. The GNP has proposed that a bipartisan delegation be sent to Washington for talks with Congressional leaders, government officials, and cattle growers to convince them of the need to renegotiate the deal in light of the growing public opposition in Korea. Additionally, GNP floor leader Hong Joon-pyo said that the party would work with the opposition to pass a parliamentary resolution calling for renegotiation.