
Original: English

**KOREA – MEASURES AFFECTING IMPORTS OF FRESH,
CHILLED AND FROZEN BEEF**

Request for Consultations by the United States

The following communication, dated 1 February 1999, from the Permanent Mission of the United States to the Permanent Mission of Korea and the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 4.4 of the DSU.

My authorities have instructed me to request consultations with the Republic of Korea pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Article XXII of the General Agreement on Tariffs and Trade 1994 (GATT 1994), Article 19 of the Agreement on Agriculture, and Article 6 of the Agreement on Import Licensing Procedures, with respect to the quantitative restrictions imposed by Korea on imports of fresh, chilled, and frozen beef and a regulatory scheme that discriminates against imported beef by, *inter alia*, confining sales of imported beef to specialized stores, limiting the manner of its display, and otherwise constraining the opportunities for the sale of imported beef. The requested consultations also seek to address the imposition of a markup on sales of imported beef, the limitation of import authority to certain so-called "super-groups" and the Livestock Producers Marketing Organization ("LPMO"), and the provision of domestic support to the cattle industry in Korea in amounts which cause Korea to exceed Korea's aggregate measure of support as reflected in Korea's WTO schedule.

The measures which restrict beef imports and the distribution and sale of imported beef within Korea are the laws and regulations governing livestock trade in Korea, both domestic and imported, and include the regulations covering sales of imported beef, the operational guidelines for the Simultaneous Buy/Sell (SBS) system, and the guidelines concerning the registration and operation of Specialized Imported Beef Stores. Additional measures are described in Korea's Livestock Act and the laws, decrees, and regulations relating to imposition of the markup and the subsidization of the domestic livestock industry, including the Livestock Industry Development Fund, the Livestock Product Processing and Treatment Act, the Customs Act, the International Trade Law, and the Livestock Farming Act.

Through its restrictions on the importation, sale, display and distribution of imported beef and the imposition of a markup on imported beef, Korea appears to be imposing restrictions on market access that are inconsistent with its WTO obligations. The restrictions on marketing and retail distribution pertain only to imported beef and, thus, also appear to deny national treatment to beef imports. Finally, the provision by Korea of domestic subsidies to its cattle industry appears to have caused Korea to exceed the aggregate measure of support set forth in section IV of Korea's WTO schedule in contravention of Korea's obligations under the Agreement on Agriculture.

All of these measures appear to be inconsistent with the obligations of Korea under the General Agreement on Tariffs and Trade 1994, the Agreement on Agriculture, and the Agreement on Import Licensing Procedures. The identified measures appear to be inconsistent with the following specific provisions of those agreements.

1. General Agreement on Tariffs and Trade 1994, Articles II, III, XI; and XVII;
2. Agreement on Agriculture, Articles 3, 4, 6 and 7; and
3. Agreement on Import Licensing Procedures, Articles 1, 3.

We look forward to receiving your reply to the present request and to fixing a mutually convenient date for consultations.
