

Beef Businesses May Be Hit Hard
Japan, S. Korea Stop Imports

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The discovery of a case of mad cow disease in Washington State could deal a heavy blow to the livestock industry and other beef-dependent businesses, possibly even U.S. restaurant chains.

Japan, the largest importer of U.S. beef, temporarily halted imports yesterday, as did South Korea, news services reported. There is concern that other countries will follow, cutting off a critical market for U.S. beef producers, especially for higher-priced cuts. U.S. beef and veal exports to Japan alone were valued at about \$843 million in 2002.

There is precedent for shutting out beef imports. When a single case of mad cow disease was detected in Canada in May, the United States immediately closed its borders to imports of Canadian beef, as did many other countries.

Restaurant chains also are likely to be hurt by the discovery, both in the stock market and possibly in sales.

Still, for chains such as McDonald's and Burger King, the fear of public reaction is real. In some countries, such as Germany and Japan, consumption of beef fell as much as 30 percent immediately after the discovery of mad cow disease — although in Canada, the nation rallied around its beef industry and meat consumption increased.

Right now, no one knows just how the U.S. public will react, but the nation's biggest restaurant chains already have started a campaign to assure customers that their beef supplies are safe.

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