



Select Committee on Commonwealth Bilateral Air Service Agreements

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Parliament House
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RE: Bilateral Air Service Agreements

Dear Select Committee on Commonwealth Bilateral Air Service Agreements,

The Australian Meat Industry Council (AMIC) is the peak industry body representing 2,000 post-farm gate red meat businesses. AMIC members include meat processors, smallgoods manufacturers, boning rooms, cold stores, wholesalers and distributors, through to exporters and independent retail butchers.

The Australian meat supply chain makes a substantial contribution to the national economy each year, accounting for over \$13.5 billion in value-add and \$67.7 billion in industry turnover in 2020-21.¹ A large proportion of this value is generated through exports, with meat and offal exports valued at \$16.1 billion in 2021-22. Australian red meat exports go to a broad range of markets globally via both sea freight and airfreight.

Australia has distinct advantages in delivering high quality red meat protein to global markets. We are geographically located in the right region to access growing demand in the Asia Pacific and have world-leading shelf-life performance underpinning an expanding chilled meat trade.

However, despite these advantages, airfreight continues to present challenges for our industry. Many of these relate to capacity constraints that remain following COVID-19 travel restrictions and reduced flight numbers – both of which reduced overall air freight capacity. This led to airfreight rates skyrocketing during the COVID-19 period and have remained high still to today. Despite support from the Australian Government's International Freight Assistance Mechanism (IFAM), the sheer lack of planes in the sky and flight cargo capacity has hit red meat exports to certain markets particularly hard.

In addressing these residual challenges, it is crucial that government ensure that it is facilitating and encouraging access for additional airlines and flight capacity to our nation. Action in this area will result in greater competition and greater capacity providing more options to exporters of time-sensitive chilled meat at rates that facilitate access to critical diversification markets.

The Australian agricultural industry and government have a joint goal of growing Australian agriculture to \$100 billion in farmgate value by 2030. To reach this value within the desired timeframe, the flow of product through the entire supply chain must be kept front-of-mind. For industry to meet these targets, it must, at the very least, have the ability to deliver export product

¹ MLA (2022). *State of the Industry Report: 2022*. https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/trends--analysis/soti-report/2879-mla-state-of-industry-report-2022_d6_low-res_spreads.pdf



efficiently and competitively to our trading partners. And having access to increased freight capacity is pivotal in being able to do so.

It should be noted that the Australian red meat industry's highest value export products, chilled meat products, are transported overseas exclusively via air freight as sea freight logistics options do not provide fast enough travel times for chilled product with time-sensitive shelf life. Meaning, access to additional air freight capacity would assist industry in delivering its highest value produce to our international markets.

Additionally, the restriction of cost-effective airfreight options to competitively deliver product to overseas markets threatens to undermine the benefits arising from the Australian Government's achievements in preferential free trade agreements and the industry's diversification of markets. Again, if we are not able to get our product effectively and competitively off our shores, many other important aspects of the industry's and government's efforts in international trade are sold short. Reaping the full gain from these trade agreements is paramount to achieving the industry/government goal of \$100 billion in farmgate value by 2030.

As such, AMIC encourages government to maximise airfreight capacity for Australian exporters where possible, including the facilitation of increased access to Australia for international airlines.

Yours sincerely,

Patrick Hutchinson
Chief Executive Officer
Australian Meat Industry Council