



RED MEAT ADVISORY COUNCIL

HOUSE STANDING COMMITTEE ON AGRICULTURE
INQUIRY INTO THE ROLE OF AUSTRALIAN AGRICULTURE IN
SOUTHEAST ASIAN MARKETS

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Introduction

The Red Meat Advisory Council (RMAC) and its members welcome the opportunity to provide a submission to the House Standing Committee on Agriculture's inquiry into the role of Australian agriculture in Southeast Asian Markets. RMAC is Australia's only policy leadership and advisory forum made up of producers, lot feeders, processors, manufacturers, independent retailers and livestock exporters, representing the entire red meat supply chain from paddock to plate. RMAC members are the following prescribed industry representative bodies under legislation:

- Australian Livestock Exporters' Council,
- Australian Lot Feeders' Association,
- Australian Meat Industry Council,
- Cattle Australia,
- Goat Industry Council of Australia, and
- Sheep Producers Australia

Australia's red meat and livestock industry is comprised of more than 74,000 businesses and collectively services 25 million Australians and over 100 export destinations, including Southeast Asia every day with safe, high quality and nutritious red meat. Australia is a major source of red meat and livestock for Southeast Asian consumers and is well placed to continue to help the region meet its food security needs. In 2023, according to the Department of Agriculture, Fisheries and Forestry, Australia exported 280,052 tonnes of red meat to South-East Asia. This included:

- 133,448 tonnes of beef & veal
- 39,252 tonnes of lamb
- 34,674 tonnes of mutton
- 72,426 tonnes of edible offal
- 253 tonnes of goat

Southeast Asia is a dynamic and fast-growing region diverse in population size, economic status and cultural/ethnic backgrounds. Improving household incomes and changing consumer tastes in the region are driving a rapid rise in red meat consumption across prime and secondary cuts. Importantly, demand is projected to grow faster than supply for the foreseeable future, as emerging markets continue to grow and the number of households able to afford high quality animal protein rises.

Recommendations

- 1. The Committee acknowledges the vital role of Australian red meat and livestock in Southeast Asian markets and the critical importance of maintaining and improving access to these markets for prime and secondary red meat products, by-products and livestock.***
- 2. The Government must continue to focus on alleviating the challenging technical (non-tariff) barriers to trade and ensure it is adequately funded and resourced – to manage the risks of limiting export market potential and imposing additional costs on supply chains.***
- 3. The Government must ensure that broader policy settings enhance trading relationships with Southeast Asian governments and the regions food security, deliver commercial benefits for importers and exporters alike and do not place unnecessary barriers or irritants in the way of international trade.***
- 4. The Federal Government must ensure adequate resourcing and capacity is available for systems and technology that help to build supply chain resilience and underpin Australia's reputation as a reliable supplier of clean, safe and natural red meat products and livestock.***

- 5. The Federal Government commit to supporting the Indonesia Australia Partnership on Food Security in the Red Meat and Cattle Sector beyond 2024 and investigate expanding the model to other Southeast Asian markets.**
- 6. The Federal Government continue to support collaborative programs to bolster biosecurity preparedness in Southeast Asia via Australia's Rural Research and Development Corporations network.**
- 7. Ensure the use of robust scientifically based evidence in the development of domestic and trade related policy positions.**
- 8. Address the impact of activist groups that seek to operate directly against Australia's national interest as an agricultural exporting nation.**
- 9. The Federal Government commits to an ongoing cattle export industry to Southeast Asia, recognising the vital role the Australian industry plays in the development of these countries, their food security and also continuous improvement in animal welfare.**
- 10. A regulatory cooperation and capacity building fund is developed to be used to fund strategic, long term regulatory cooperation activities with Southeast Asian government competent authorities. Additionally, relevant Australian Government agencies are adequately resourced with appropriate technical capacity and specialists able to deliver cooperation and capacity building projects with Southeast Asian trading partner governments.**

Red meat industry footprint in Southeast Asia

Australia exports substantial volumes of red meat and livestock into the Southeast Asia region and is well-placed to export more as demand rises. In 2022, Southeast Asia was the destination for over 14% of Australia's red meat exports and from 2007 to 2023, the livestock export industry exported over thirteen million livestock into Southeast Asia with a total value of over \$12 billion. These markets include Brunei, Cambodia, Indonesia, Timor-Leste, Laos, Malaysia, Philippines, Singapore and Vietnam.

In 2023, 84% of livestock consignments went to Southeast Asia, primarily beef cattle from northern Australia. Indonesia is Australia's largest market for live cattle, representing 65% of total live exports to Southeast Asia, as well as offal, while Malaysia is Australia's third largest market for mutton, and the Philippines is Australia's fifth largest beef trimmings market. Australia is also well positioned in the premium imported beef market; in 2021 Australian exports had an 83% market share for Southeast Asian chilled beef¹. Comprehensive market snapshots for the major red meat destinations in the region can be accessed at:

- [Indonesia](#)
- [Vietnam](#)
- [Thailand](#)
- [Malaysia](#)
- [Philippines](#)
- [Singapore](#)

Beyond providing a solid and growing market for Australia's red meat exports, Southeast Asia also provides a crucial market for secondary red meat products and byproducts that play a vital role in increasing carcase value and ultimately profitability for exporting red meat processors. Southeast Asian

¹ [MLA State of the Industry Report 2023](#)

markets provide important markets and value for the secondary red meat products and byproducts that do not readily exist elsewhere. This significantly increases the importance of these markets for the Australian red meat industry, as a loss of these markets would result in a significant hit to overall carcass value for Australian processors.

While the total value of trade in these secondary products to Southeast Asian markets may not be high when compared to other major products and other red meat trading partners, they play a critical role in the overall profitability of the Australian red meat export sector and red meat supply chain more generally.

Recommendation 1: The Committee acknowledges the vital role of Australian red meat and livestock in Southeast Asian markets and the critical importance of maintaining and improving access to these markets for prime and secondary red meat products, by-products and livestock.

Specific comments on relevant terms of reference

How the Australian Government can support agriculture and food industries in leveraging partnership opportunities within the region

Maintaining and improving market access

Australia's ability to trade red meat and animals to Southeast Asia is underpinned by critically important technical market access. With 70-80% of our meat exported, ongoing access to international markets remains a major priority for the long-term prosperity of the Australian meat industry and supply chain.

Industry and government work hard to continuously improve our systems and address market barriers as they arise, and it's important that this work is understood, supported and importantly, funded. Australia can't rest on its laurels with regards to market access, and ultimately biosecurity and access to markets are public goods that need bipartisan, long-term funding and capacity.

This is particularly critical in Southeast Asia noting the environment of regulatory development and modernisation creates increased risks of significant non-tariff barriers to trade and opportunities to assist in this regulatory growth.

The development of industry partnerships in the region requires a level of certainty with regards to the continued ability to trade and access the market. In this respect, it is the government's role to ensure that the trade - and specifically the biosecurity, export standards, and technical expert areas of the Department of Agriculture, Fisheries and Forestry (DAFF) - are adequately funded to carry out the government-to-government negotiations and maintain strong bilateral relationships required to sustain trade, forecast and address trade issues, and respond to trade emergencies. The ability to counter, negate and remove non-tariff barriers to trade is shared by industry and government, requiring constant maintenance to retain and improve the access Australian meat and livestock industries enjoy.

These fundamental settings provide the enhanced confidence needed for industry to develop long-term partnerships in market and leverage opportunities that arise from demographic and dietary shifts in the region.

Recommendation 2: The Government must continue to focus on alleviating the challenging technical (non-tariff) barriers to trade and ensure it is adequately funded and resourced – to manage the risks of limiting export market potential and imposing additional costs on supply chains.

Live export supply chain enhances the Southeast Asia region's food security and bilateral relationships
Regulatory development and imposition of barriers to trade can go both ways. Australia indirectly places significant obligations on Southeast Asian livestock importers through the Exporter Supply Chain Assurance System (ESCAS).

ESCAS is a key pillar in the overall bilateral relationship between Australian and our largest trading partner in live cattle, Indonesia. This is due to the volumes of livestock traded, the interdependencies in our supply chains, and the importance of Australian cattle to Indonesian food security. ESCAS has been a success in Indonesia, but only when it has been implemented as a bilateral partnership between Australian and Indonesian supply chain partners, with the Australian Government, rather than a unilateral imposition by the Australian Government alone.

In the live export sector, departmental resourcing and funding is important, but it is not sufficient to ensure the trade is sustainable. It is also incumbent upon DAFF to ensure the right domestic regulatory frameworks enable quality assurance systems to function. The Australian Government has no legal authority to regulate foreign entities operating outside of Australia. What it can do is establish a regulatory framework for a third-party quality assurance system that operates on a commercial basis, so it is taken up by Australian exporters and their customers in-market.

Regulated third party providers of assurance operate in many sectors domestically in Australia. The Government regulates the provider. The provider ensures that accredited businesses meet specific quality assurance standards and guidelines, and the accredited businesses deliver their products or services at or beyond the standards and guidelines. Such an approach will be accepted by trading partners readily. An overbearing attempt at regulating on foreign soil will not be.

The partnership approach taken by exporters in implementing ESCAS has managed to overcome many of the difficulties and limitations of ESCAS, as it is currently structured. But these cannot be completely overcome within the current settings.

Indonesian abattoir and feedlot workers responsible for delivering animal welfare outcomes under ESCAS have established Forum AWO. Forum AWO has a vision for delivering animal welfare in the Indonesian Cattle Industry – because it makes commercial sense for Indonesian cattle businesses to do so. The Forum delivers competency and legal training, holds competitions and events and provides general support to their members. It has been supported by both the Indonesian and Australian Governments, the Australian Livestock Exporters Council, the Indonesian Beef Cattleman's Association (GAPUSPINDO), Meat and Livestock Australia (MLA) and LiveCorp.

The partnership approach has been fundamental to the live export industry's success in assisting Indonesia in managing their outbreaks of Foot & Mouth Disease and Lumpy Skin Disease. It is only because of the close relationship between Australian exporters and Indonesian importers.

A similar partnership approach in another critical live export market, Vietnam, has seen the (voluntary) installation of closed-circuit television cameras in Vietnamese abattoirs processing Indonesian cattle and more recently, LiveCorp and MLA have worked with the Vietnamese Government on developing

new animal welfare standards. This is another instance of the presence of Australian exporters in the market delivering tangible benefits for both sides in the geopolitical relationship.

Overall, market access must go far beyond just technical negotiations about biosecurity, tariffs and importing country requirements. Much more critical are the broader activities that the Australian Governments of all persuasions must pursue over long periods of time to ensure trading relationships remain healthy and commercially beneficial for all parties involved.

Recommendation 3: The Government must ensure that broader policy settings enhance trading relationships with Southeast Asian governments and the regions food security, deliver commercial benefits for importers and exporters alike and do not place unnecessary barriers or irritants in the way of international trade.

Investing in technology and our systems

The Australian red meat industry has a global reputation as a reliable supplier of clean, safe and natural products, underpinned by its disease-free status and advanced food safety and integrity systems. Maintaining and enhancing this position remains essential for the industry to uphold its competitive advantage and the value derived from our animal welfare, food safety, environmental stewardship and biosecurity credentials.

Other industry initiatives such as Meat Standards Australia (MSA) can be leveraged to provide guaranteed eating outcomes for consumers, differentiating Australian red meat from its competitors. To respond to changing market conditions and to stay ahead of competitors, the red meat industry requires technology and systems that consistently assure that products are produced and processed to meet customer and consumer regulatory requirements.

Recommendation 4: The Federal Government must ensure adequate resourcing and capacity is available for systems and technology that help to build supply chain resilience and underpin Australia's reputation as a reliable supplier of clean, safe and natural red meat products and livestock

Opportunities to build and strengthen partnerships in Southeast Asia to build capability in the region

Indonesia Australia Partnership on Food Security in the Red Meat and Cattle Sector

The highly successful Indonesia Australia Partnership on Food Security in the Red Meat and Cattle Sector (the Partnership) was developed by the Indonesian and Australian governments to combine their strengths to improve the red meat and cattle sector supply chain in Indonesia and to promote a stable trade and investment environment between Indonesia and Australia.

The Partnership objectives are to:

- Increase domestic and foreign investment in the red meat and cattle supply chain.
- Improve security, prosperity and productivity of the Indonesian and Australian red meat and cattle industries.
- Build a trusted relationship between Australian and Indonesian red meat and cattle industries and governments.
- Increase Indonesia's cattle population to help meet local demand and food security targets.
- Be able to respond to the increased demand for beef products in Indonesia across differentiated market segments with pricing meeting consumer demand.

The 10-year Partnership will run until June 2024, with AUD \$60 million in funding from the Australian Government and co-contributions from project Partners.

Recommendation 5: The Federal Government commit to supporting the Indonesia Australia Partnership on Food Security in the Red Meat and Cattle Sector beyond June 2024 and investigate expanding the model to other Southeast Asian markets.

Working with our neighbours to boost biosecurity outcomes for the benefit of all parties

The arrival of foot-and-mouth disease (FMD) and lumpy skin disease (LSD) in Indonesia in 2022 served as a salient reminder that biosecurity is critical to the overarching sustainability of the Australian red meat industry. An outbreak of either disease in Australia would be devastating to our livestock and associated industries through international trade losses, market disruptions, animal health impacts, production losses and costs associated with managing an incursion.

Ongoing biosecurity threats require cooperation and engagement with our international neighbours via initiatives including LiveCorp and Meat & Livestock Australia's Live Export Program (LEP). The LEP partners with the Australian government to provide biosecurity support to Indonesian industry to help protect the welfare of Australian cattle in Indonesia, minimise disruption to trade, and build ongoing biosecurity capacity to help minimise the risk of FMD and LSD arriving in Australia and to support the Indonesian response to these diseases.

These partnerships and associated cooperation and engagement with our international neighbours also provide Australia with the opportunity to see how policy settings impact biosecurity outcomes on the ground. This allows Australian industry to gain important practical skills and insights in preparation should an incursion of FMD or LSD ever impact Australia.

Recommendation 6: The Federal Government continue to support collaborative programs to bolster biosecurity preparedness in Southeast Asia via Australia's Rural Research and Development Corporations network

Identifying new and emerging opportunities and challenges in the region for the Australian agriculture industry

Positioning red meat for success in developing markets

Protein consumption is generally defined by household income; as incomes increase, so too does consumption. As such, the rapid growth of emerging market economies presents an opportunity in and of itself, as the number of households making over US\$35k/year in disposable income globally is forecast to grow from 350 million in 2022 to 470 million in 2027². This is especially true in Southeast Asia, a region that is rapidly growing and where Australia already enjoys strong trading relationships. Excluding Singapore (already a highly developed economy), the number of households earning US\$35k/year in disposable income has increased by 78% in the past five years and is forecast to grow another 63% over the next five years. The variance in market maturity and consumption habits requires a highly targeted approach to identify and develop opportunities.

Additionally, many Southeast Asian markets play a vital role for the Australian red meat processing industry due to the value they place on some secondary cuts and offal products. In many cases these markets provide a value opportunity that is not available elsewhere, either domestically or globally,

² [MLA State of the Industry Report 2023](#)

and hence play a critical role in carcase utilisation and value creation. While the value of these products may be comparatively low, and indeed the trade value to some Southeast Asian markets may be lower than some of Australia's more well-known red meat export markets, these figures disguise the importance and critical role to the red meat processing industry in Australia. In this respect, it is noted that retaining access to these markets is vital, and a very high priority for the industry, particularly noting that many Southeast Asian trading partners are developing and modernising their import-related regulatory systems.

There's more to Halal than just the slaughter process

There is a common misconception that 'Halal' refers only to the adherence of a set of conditions for animal slaughter and meat processing, however, its meaning is far broader and covers how the animal must be treated during its life with religious law emphasizing zero tolerance for animal abuse and mistreatment. For example, it's stated that the animal should not have been mistreated or caused any pain. Additionally, it must also be provided with clean water, food, fresh air and enough space to roam. There is an opportunity to educate customers in Southeast Asia that when they buy Halal Australian beef and lamb, they can be confident they are getting clean, safe and 100% guaranteed Halal meat, particularly underpinned by the widely accepted and trusted Australian Government Approved Halal Program (AGAHP).

The AGAHP is a tripartite system between the Australian Government (DAFF), approved Islamic Halal Certifying Bodies, and the industry which creates a point of difference and the highest level of Halal assurance for Muslim consumers in export markets. The AGAHP is well-established but would benefit from further promotion in Southeast Asian halal markets, particularly to protect market access as new Halal measures and standards are developed. Halal trade presents both opportunities and risks to Australia's meat exports to the region, and resources and activities should be designated to building Australia's Halal meat reputation and input into the development of halal standards or requirements.

Business certainty

Fundamental to Australia being at the forefront of trade into South-East Asia is a stable political and operating environment that encourages and enables investment over the long-term. RMAC notes the difficulty of developing and implementing policy in evolving environments and that ongoing monitoring, evaluation and realignment of existing policy settings is required. Investment in production, processing and trade does however require some level of regulatory certainty to ensure investment across decades. It is therefore critical that sound scientifically based evidence be used as the foundation of new policy and when engaging with interest groups with alternative agendas.

Recommendation 7: Ensure the use of robust scientifically based evidence in the development of domestic and trade related policy positions

Red meat industry concerns about activist groups

It is incredibly frustrating for the red meat industry to observe activist groups operating directly against our national interest as an agricultural exporting nation. These groups have sought to undermine Australian agriculture's reputation internationally through their recent interventions associated with the trade negotiations as well as unethical behaviour in the livestock export sector.

Serious concerns have been raised in Parliament about activist group Animals Australia that involve allegations of 'cash for cruelty' payments to livestock vessel crew³. The practice of animal activist

³ [The Australian: Calls for ban on activist group over "cash for cruelty" scandal \(11 November 2023\)](#)

groups paying people in livestock export supply chains creates a market incentivising animal cruelty which is abhorrent. It also demonstrates that activist groups are willing to take advantage and manipulate vulnerable people in agriculture supply chains.

Australian officials should be informed and pro-active in advocating for Australia's animal health and welfare systems, standards and world-leading regulatory approaches to clearly articulate their need and defend them against any vested interests that may seek to undermine them. While it is recognised that all voices have the right to be heard, consideration should be given as to how they are incorporated in public consultation forums, etc. – with such fora at times being overshadowed by unconstructive dialogue and ill-informed contributions – thereby giving these participants a veneer of legitimacy that is deemed unwarranted or excessive.

Recommendation 8: Address the impact of activist groups that seek to operate directly against Australia's national interest as an agricultural exporting nation

Recommendation 9: The Federal Government commits to an ongoing cattle export industry to Southeast Asia, recognising the vital role the Australian industry plays in the development of these countries, their food security and also continuous improvement in animal welfare

Mechanisms for government and industry to leverage identified opportunities for Australian agriculture, and to address key priorities in the Southeast Asia region

Many of our Southeast Asia trading partners are undergoing broad-ranging regulatory transformation and modernisation across a range of market access-related areas such as biosecurity, animal health, food safety, customs or other border-related regulatory processes.

This regulatory development and modernisation in Southeast Asian economies creates an environment that risks significant additional non-tariff measures (NTMs) that can act as barriers to trade and impact our technical access to markets and at their worst, can potentially completely remove trade opportunities to Southeast Asian markets.

In this environment, Australia's world-leading biosecurity, food safety and other regulatory systems are often looked at by our Southeast Asian trading partners as a well-respected source for learning best regulatory practice, science-based measures and decision-making, and importantly provides an opportunity to align systems and approaches with those of Australia. This harmonisation to an 'Australian' regulatory approach has been demonstrated as a significant soft power approach to negating NTMs and creating trade opportunities, as has been seen in biosecurity cooperation with Singapore in particular.

Furthermore, in the global context there are other highly developed regulatory systems, such as the EU, which are actively working to be seen as world leaders and push for adoption of their regulatory approach globally. Adoption of prescriptive EU-style regulation and regulatory approaches by Southeast Asian trading partners would likely severely impact Australia's ability to trade with the region.

Fortunately, there is a long-established desire for many of our Southeast Asian trading partners to cooperate with Australian in these regulatory areas, which creates a major opportunity for regulatory diplomacy, cooperation, and influence for Australia's benefit, and to counter the threats posed by a prescriptive and trade restrictive regulatory approach.

Despite this, funding, capacity and resourcing for biosecurity, food safety and customs cooperation, capacity development, and standard development with key trading partners is lacking, and often resourced depending on individual relevant Australian Government agencies' ad hoc budget position, rather than being securely funded and coordinated to strategically support Australia's trade interests. A facility to secure long term funding and ability to engage with Southeast Asian trade-related regulatory government agencies should be created to address this issue and take advantage of the opportunity presented by the willingness to learn from and work with the Australian government regulators.

Recommendation 10: A regulatory cooperation and capacity building fund is developed to be used to fund strategic, long term regulatory cooperation activities with Southeast Asian government competent authorities. Additionally, relevant Australian Government agencies are adequately resourced with appropriate technical capacity and specialists able to deliver cooperation and capacity building projects with Southeast Asian trading partner governments.

How Australian agriculture can support Southeast Asia's food security [towards 2040]

Growing our relationship as a reliable food security partner

The Australian red meat and livestock industry is critical to the food security objectives of many countries across the globe including the Southeast Asia region. The reasons that Australian livestock and meat products are preferred by our trading partners are diverse. Importantly, Australia demonstrated our ability to be a reliable and secure supplier of red meat and livestock through the COVID pandemic, when many other country's ability to trade was restricted, and in some cases ceased. This has created a unique opportunity to leverage this demonstrated reliability as a food security partner in the region and build from a strong base following the pandemic.

Strong bilateral and plurilateral government and regulatory relationships with Southeast Asia provide the groundwork to increase commercial partnership and relationship development, which directly places Australia as a key food security partner.

Indonesia and Northern Australia have a very close and complimentary economic relationship based on the live cattle trade, that has been developed by Australian and Indonesian industry over many decades. Bos Indicus cattle breeds thrive in Northern Australia, as they are bred to tolerate hot and humid conditions and are very drought tolerant. Indonesia has a burgeoning feedlot sector, based on ready access to labour and feed. These complimentary traits underpin a longstanding supply chain of great importance to Indonesian consumers and Northern Australian producers alike.

Australian consumers prefer beef sourced from different cattle breeds, more prevalent in the southern part of the country, whereas Bos Indicus breeds produce meat that is more suited to Indonesian palates and culinary preferences. Some low-income consumers, for example in Indonesia, do not have ready access to electricity or refrigeration. The live cattle trade out of Northern Australia does not compromise Australian domestic food security or access to red meat protein, in any way. However, if the live cattle supply chain did not exist, Indonesia would be forced to seek out alternate protein options, which may be more expensive or a lower nutritional, quality or safety profile, and the Northern Australian cattle industry would be decimated. Furthermore, Australia's geopolitical relationship with one of our nearest neighbours would be more tenuous.

Conclusion

RMAC appreciates the opportunity to make a submission to the House Standing Committee on Agriculture's inquiry into the role of Australian agriculture in Southeast Asian Markets. This submission was developed in partnership with RMAC members, who look forward to maintaining a high level of interest and engagement in the Committee's findings and recommendations.

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Red Meat Advisory Council

On behalf of:



AUSTRALIAN LIVESTOCK
EXPORTERS COUNCIL



AUSTRALIAN LOT FEEDERS' ASSOCIATION



Australian
Meat Industry
Council



CATTLE
AUSTRALIA



Goat Industry Council of Australia

