



Submission No 27

Inquiry into Australia's Relationship with Malaysia

Organisation: Australian Meat Industry Council

Contact Person: Mr Stephen Martyn
02 9086 2241

Address: PO Box 1208
Crows Nest NSW 1585

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Mr John Carter
The Secretary
Foreign Affairs Sub Committee of the JSCFADT
House of Representatives
Parliament House
Canberra ACT 20600

Dear John

Re: Market Access - Malaysia

Malaysia has remained a very important market for Australia's red meat processing sector over many years taking over 12,350 tonnes of red meat products in 2005/2006, made up of beef, sheepmeat and offal products.

Access to Malaysia has required accreditation of processing plants for both health and hygiene standards as well as for Halal certification.

AMIC and its members are committed to meeting the Halal standard required. As an industry, we understand the need to make an extra effort to ensure we provide an acceptable framework of regulation so that customers in Islamic markets can be confident that the system in Australia has religious and regulatory integrity throughout the marketing chain. Australia exports to over 40 Islamic markets around the world because of that commitment.

We also understand the need for an appreciation of the cultural and religious sensitivities of delivering a truly "Halal" product. We do that through the provision of the Australian Government Supervised Muslim Slaughter System (AGSMS). While each country may have minor variations on how they interpret Islamic requirements, each of those interpretations if and when agreed can be accommodated and implemented using the AGSMS system. It is a measure of the Australian commitment that we are the only non-Muslim country in the global red meat market to uphold the integrity of Islamic slaughter through Government legislation.

Despite this system, late last year, all existing Australian beef processing plants accredited for Malaysia (a total of up to 14) were deregistered. Additional plants had been delisted earlier in the year. Subsequent negotiations have lead to only 3 plants gaining accreditation but in a process that industry has had difficulty in understanding both the protocol agreed and the process by which only a limited number of plants have been accredited against the new protocol. By comparison exports of live beef cattle to Malaysia continue unencumbered.

The Australian Meat Industry Council represents the red meat processing industry which provides meat and meat products for the domestic and export markets.

It has been a long standing tenet of the Australian trading system that theoretical market access is achieved when a processing facility is (government) verified as meeting the published standard for a particular market.

Actual product distribution to this market is then based on commercial criteria of price, quality, availability, and distribution linkages.

In Australia's country to country negotiations this tenet provides the basic and underlying integrity for the market and to accept less than this standard would have the undesirable outcome of market access being based on other than performance criteria; thereby placing the market at risk from distortion due to non-technical or non-tariff trade barriers. It is this situation we find ourselves in with Malaysia.

World trade must be based on published and verifiable standards and the Australian government must ensure that all market access negotiations and free trade agreement discussions include this critical requirement.

Our current access for processed beef to Malaysia must be seen as unacceptable between two countries striving to build a transparent and vibrant trading environment for the future. For those plants previously accredited, that for many years invested in developing and maintaining a customer base in Malaysia, that investment is largely lost.

In the current Free Trade negotiations with Malaysia, if the relationship is to be one of mutual respect, we must strive to ensure the trading principle of "verification against a published standard with trade then based on commercial criteria" - is protected if "free trade" is to truly flourish between our two countries.

Yours sincerely

Stephen J Martyn
National Director processing
Australian Meat Industry Council