



AMIC PROCESSOR GROUP'S WEEKLY NEWSLETTER

Issue No. 20/09 Tuesday 19th May 2009

AMIC 2008 MEAT CONFERENCE
Thursday 23 – Friday 24 Sept 2008
Sheraton Mirage Resort, Gold Coast

ITEMS OF INTEREST THIS WEEK

- **Australian Veterinary Association (AVA) Conference** – AVA's annual conference is being held in Darwin this week and will bring together veterinarians from across Australia and the world. The theme for the conference is "*One Medicine, One Health*". It will focus on the relationship between animal and human health. No doubt H1N1 (formerly known as swine flu) will be on the agenda. For more information go to www.ava.com.au/avaconference.
- **2009 Australian Renderers International Symposium – 15-17 July 2009** – The Australian Renderers Association will be holding their 10th Symposia at the Sebel Hotel in Cairns, North Qld, 15-17 July. Strong representation from the Australian and New Zealand rendering industries will be supported by various overseas and local speakers. The informative sessions will cover Technical, Nutrition and Marketing issues, as well as a Trade Exhibition. For further information and/or to download the Registration Form go to <http://www.ausrenderers.com.au/>
- **The Export Market Development Grant (EMDG)**- As part of the Federal budget announced earlier this week, the Federal Government has tipped an extra \$50 million into the EMDG scheme. The previous Government expanded the eligibility for the EMDG scheme but it appears did not allocate the necessary funds to pay for it. Eligible smaller and medium-sized exporters were facing second round payouts under the current scheme of as little as 30 cents in the expended dollar. The \$50 million will allow AUSTRADE to pay out 100% against eligible expenses. In the release from the Federal Government, they acknowledged "*the pivotal importance of small and medium-sized exporters and the critical contribution they make to the economy and to employment. The IMF, World Bank, the OECD and the WTO have all recently emphasised the enormous challenges confronting exporters*". Why then place a \$40 million bill on the agricultural export sector in seeking full cost recovery for AQIS Export Charges. These statements seem in conflict. The Minister continues to hold firm on the introduction of the new charges.
- **Sheepmeat Council Visit Middle East & Europe** – With funding from MLA and Animal Health Australia, a delegation from the Sheepmeat Council is visiting the Middle East and Europe on market access issues this week.
- **Chile** – You will recall (*Prime Cuts No. 13-09*), US beef was excluded from the Chilean market despite an FTA establishing equivalence on grading. With a little digging it appears at the heart of Chile's concern was US' reliance on a manufacturer's self-certification through declarations of conformity. Under this system most US meat transactions involve only the buyer and the seller, sidestepping the need for government intervention. Chilean trade officials had to be convinced that self-certification worked. Chilean importers and distributors seem willing to go along with the letters of explanation, even though the self-certification concept runs contrary to Chile's shift toward more government intervention, especially after dioxin-tainted Chilean pork triggered a precipitous decline in sales to Asia late last year. The window of opportunity for reopening Chile's market to US beef exports appeared when Chile's first quarter economic performance revealed that the meat industry was one of the few bright spots in an otherwise gloomy industrial panorama. The cattle/beef sector in Chile which relies on imports to offset a domestic production shortfall, showed growth approaching 2% while overall industrial activity declined nearly 10%. Chile has also granted entry for 17 Brazilian beef plants reversing the 2005 ban due to FMD. Brazil use to supply reportedly up to 100,000 tonnes annually before the ban with an estimated 60% market share when 36 plants were certified. After restricted supplies from Argentina, Brazil and Uruguay last year, Australia and Paraguay became large suppliers.
- **China** – New Chinese regulations arising recently from domestic food safety events within China have acted to effectively void long held government to government agreements on a range of issues and are one of the by-products of the melamine issue. GAQSIQ in China have imposed registration requirements on all food businesses. Reports out of China last week commented on the substantial increase in the monitoring of food safety issues in China as part of a nationwide drive that began last December. The General Administration of Quality Supervision, Inspection & Quarantine (GAQSIQ), one of the departments that participated in the nationwide program said in a statement that it had taken steps to upgrade food processing facilities and reduce risk across the Chinese food processing industry. Last December, 9 departments including GAQSIQ and the Ministries of Health, Industry and



Information Technology, Public security & supervision, agriculture and commerce began the nationwide campaign. GAOSIQ reported that it monitored more than 83 food projects involving 31 food categories so far this year and has cancelled 3,572 food production permits held by 3,347 companies. This explains to some extent recent sensitivities with runners and may not have been the right environment to be asking questions about what facilities should be supplying them. Sometimes in market access if you ask the wrong question you get the answer you *didn't* want.

- **Korea** – Condensed beef stock products imported from China into Korea have been found to contain the drug clenbuterol, according to local media. Beef broth concentrate is used in Korean foods such as galbitang and seolleongtang, soup dishes commonly found on restaurant menus and cooked with various kinds of seasoning. This year 103 processed food items totalling 827 tonnes have been imported from China with Korean authorities confiscating 331 tonnes following inspection, the remainder entering the Korean food chain.
- **New Zealand** – Some feedback following last week's comments that while there are reduced lamb slaughtering in NZ, there is a difference between the predicted reduction in head killed and the tonnes processed. There are a lot less lambs around at the moment but because most farms have had plenty of feed, average weights will be up. The smaller number of lambs born in spring 2008 is now having an impact on prices which are around 50% higher than this time last season in the north island and even higher in the south.
- **Poland** – Poland's food processing industry has shown little or no sign of the turmoil from the global economy at present, according to a new report from international research consultants RNCOS. The report concludes that the country has one of the most dynamic food processing industries in east Europe. Last year the revenue from food processing was estimated at 67 billion euro which is anticipated to grow at a compound annual growth rate of nearly 15% by 2013. In the past few years the entry of a large number of foreign companies and distributors has led to a more competitive environment and the introduction of new technology.
- **Quarantine At Work** – A passenger who arrived at Perth International Airport in December last year answered 'No' to all questions on her Incoming Passenger Card (IPC), including the questions regarding food items. The passenger was found to be carrying meat and vegetable products in contravention of the Quarantine Act. The passenger was charged and summonsed to court where she was found guilty of importing 1.9 kg of sausage, 2.5 kg of meat, 275g of hamburger containing meat and 1.9 kg of chopped vegetable. The passenger was fined \$1,500 in quarantine fines, \$2,000 in Customs fines and \$4,298 in other costs, for a total of \$7,798. That's expensive sausage!
- **Uruguay** – Most of the electrical energy production in Uruguay is hydro-electric and with rainfall now at its lowest level since 1945 because of drought, this is not only hurting agricultural and beef production but the ability of the country to maintain power supplies, just as they move into winter. The impact on the future beef breeding herd is also expected to be significant with calving rates down 30% to 50% in the most affected areas.
- **U.S.** – The Beef Industry Food Safety Council has launched a new web-based tool for beef processors that covers antimicrobial interventions for beef. The document provides information on commonly applied interventions including their approved uses and scientific references. For some interventions USDA has defined limits for use and labelling requirements. The document includes a reference list that provides links to journal articles for those that are available electronically as well as additional information for assistance. For more information click on <http://www.haccpalliance.org/sub/Antimicrobial%20Interventions%20for%20Beef.pdf>
- **Venezuela** – Media reports that Venezuela will give "preferential treatment" to beef from Nicaragua, according to the Nicaraguan Meat Chamber who estimates that 25% of Venezuela's 600,000 tonne yearly consumption of beef (cw) comes from imports. Sourced mainly from Brazil, Argentina and Paraguay, Nicaragua is hoping to get 10% of that. Argentina reportedly has a 25,000 tonne contract to supply the Venezuelan government with compensated quarters of yearling beef cut into retail packs for sale through government supermarkets at subsidised prices.

IMPORT / EXPORT / MARKET ACCESS

MALAYSIAN AUDIT

AQIS advise they have provided the necessary questionnaires to Malaysia as a prerequisite for the upcoming audit and provided the Department of Veterinary Services (DVS) with an invitation letter to visit Australia plus a suggested itinerary. AQIS are proposing a date in mid-June for the next audit but no confirmation yet.

AUSTRALIA/KOREA FTA GETS UNDERWAY

The first round of formal negotiations on a Free Trade Agreement (FTA) with Korea begins this week in Canberra. Australia is the 8th largest trading partner of Korea and the largest source for minerals. The mood on both sides appears constructive and not as problematic as the ongoing negotiations with China and Japan which have gained little after some years of negotiation. US and Korean Trade Ministers also met this week on the next stage in the ratification of the US/Korea FTA which, while signed over a year ago, has yet to be ratified. Automobiles and US beef appear the main stumbling blocks. Korea also has negotiations at present with the EU and New Zealand in various stages of completion.

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LIVESTOCK ISSUES

(Contact – Christian Mulders Tel: 02 9086.2244 or email cmulders@amic.org.au)

- **Review of AMIC's Animal Welfare Standard** - In 2005 the Australian Meat Industry Council (AMIC) developed the "National Animal Welfare Standards at Livestock Processing Establishments" in collaboration with key industry stakeholders, animal welfare organisations and relevant Government agencies. A copy of the Standard can be viewed at: [click here](#) . AMIC has initiated a review of these Standards to ensure they continue to be relevant, practical and deliver good animal welfare outcomes. The review is supported financially by the Australian Meat Processor Corporation and Meat & Livestock Australia. The Animal Welfare Science Centre (AWSC) has been engaged to undertake the review. As these Standards were developed by industry for industry, it is critical that the project capture member's views about the effectiveness of the current Standard and any areas that require revision or enhancement. A letter (and survey) from AWSC, inviting members to provide feedback on the Standard, has been sent to all AMIC members. We encourage all members to take the time (about 30 min) to complete and return the survey to Michelle Edge at the AWSC by 5th June 2009. All information will be treated in the strictest confidence. Any queries contact the Executive.

OCCUPATIONAL HEALTH & SAFETY (OH&S)

- **Traffic Management in Warehousing** - WorkCover NSW has just released a new publication which contains a traffic management plan and checklist. It provides guidance to managers and supervisors of small to medium businesses on how to develop, implement and maintain safe systems of work, intended to eliminate or control the risks of collision in a warehousing and/or storage environment. An important part of managing your business is to ensure the health and safety of your employees and other people, such as customers, visitors or tradespeople who visit your workplace. Copies are available from the WorkCover NSW website at www.workcover.nsw.gov.au or get a hard copy from AMIC by calling us on (02) 9086 2220.

IN THE NEWS THIS WEEK

- **Costco Struggling to Find Suitable Sites** – The Managing Director of Costco's Australian operations, has reported his American-based supermarket is struggling to find suitable places for new properties in Australia, where the planning requirements are vastly different to those in the US. The retail chain, which will open their first Australian store at Docklands in Melbourne in the next few months, requires around 3 hectares for each outlet due to its operation as a large warehouse type operation. Costco Australia is searching the suburbs of Melbourne and Sydney for sites of up to 15,000 m², a search which has proven challenging. Woolworths or Coles supermarkets in a town centre are usually looking at 1,000 or 2,000 m² of retail space. Costco is ideally searching for sites around popular suburban hubs and is planning on building their second store in Australia's most populous city - Sydney. The Sydney site has not yet been announced although, according to the media, Costco is currently seeking an amendment to a draft Parramatta local environment plan to build on a vacant 69,000 m² industrial site in Camellia.
- **Emission Trading Scheme - Update** –The legislation to introduce a Carbon Pollution Reduction Scheme (CPRS) in Australia has been tabled in Parliament and will be the centre of debate for the next few months. When it is tabled in the Senate it will likely go to Committee for further debate and at best some changes although most of the minor parties suggest they will reject it. The Government's decision to delay the start of its emissions trading scheme however has not deterred the critics of the policy, with a new RIRDC report showing that irrespective of the start date, it could cost rural Australia billions. The [Rural Industries Research and Development Corporation report](#) quantifies the economic impact of the proposed Carbon Pollution Reduction Scheme on average farm businesses. The report found:
 - The CPRS will affect agriculture both directly (through costs associated with the need to either buy permits or reduce emissions) and indirectly through cost increases elsewhere in the economy. Farm costs will rise even if agriculture is not included in the CPRS.
 - The CPRS will have a significant impact on the livestock sector – farm cash income for the average beef farm would fall by over 60% under a full participation scenario with a carbon price of \$25 per tonne CO₂(tCO₂) or 125% at a carbon price of \$50/tCO₂ (turning a positive income into a negative one).
 - This is followed by an average beef-sheep farm (down by 90% if permit price is \$50/tCO₂), an average sheep farm (down by 78%), an average dairy farm (down by 69%) and an average mixed livestock/crops farm (56%).

