



Australian Government
Department of Foreign Affairs and Trade

**SUBMISSION TO THE SENATE ECONOMICS REFERENCES
COMMITTEE**

Third Party Certification of Food

Food certification schemes, such as those for halal, organics, kosher and genetically modified food, assist in underpinning Australia's reputation as a safe and reliable exporter of agricultural produce, facilitating trade that generates billions of dollars of export income. For example, if we were unable to offer Australian Government assured halal certification to our Muslim and other trading partners, access for our red meat exports to these markets would be limited, threatening a \$1.4 billion trade. In addition, Australia's rising share of the global organic food market would be lost without third party certification of organic produce.

1. Australia is a major agricultural exporter. In 2014, our food exports (processed and unprocessed) were worth nearly \$37 billion.¹ We export approximately two thirds of total agricultural production. Our reputation for excellence, safety and reliability in our agriculture and food sectors is an important differentiating factor and appropriate certification of our exports is essential to maintaining this reputation and to facilitating trade.
2. Food certification schemes are used by exporters for a variety of reasons. These include the provision of information to importers and importing country consumers about food safety, health attributes and food production methods. Certification schemes are used to differentiate products based on compliance with certain criteria or standards that may include qualitative, social, religious and environmental considerations (eg, organics, genetic modification, carbon footprint, fair trade, kosher, halal). Food safety certification is provided by government and private entities.
3. The Australian Government, through the Department of Agriculture, plays a key role in regulating the export of food, including by providing a range of certifications related to sanitary and phytosanitary criteria. The Department of Agriculture also administers specific regulations relating to the certification of organic products and halal red meat exports. These government programs provide assurance about the integrity of the products concerned and help facilitate trade. Certification under these schemes offers businesses opportunities, including access to a wider variety of international markets.

¹ DFAT, *Composition of Trade*, 2014.

Halal certification

4. The Muslim community around the world has a strong interest in ensuring that halal food is correctly prepared, certified and labelled. The global Muslim population is 1.6 billion, with over 60 per cent of Muslims residing in the Asia Pacific region.² The largest Muslim population is in Indonesia with 200 million Muslims.³ India is home to 140 million Muslims,⁴ China to 40 million⁵. The global halal food and beverage market was estimated at US\$1.1 trillion in 2013 and is expected to be valued at US\$1.6 trillion by 2018.⁶ Halal business opportunities are not limited to food production. They include the whole halal food value chain: seeds and fertilizers; farming; food technology; food production; food processing; logistics; and importing and retail outlets.⁷ The economic incentives for Australian businesses to seek halal certification for exports are therefore significant. Table A and Graph A illustrate the total value of agriculture, fisheries and forestry exports to select Muslim countries and regions.

TABLE A

AUSTRALIAN EXPORTS: SELECT MUSLIM COUNTRIES & REGIONS
(TOTAL AGRICULTURE, FISHERIES, FORESTRY)

	2009	2010	2011	2012	2013	2014
Middle East (A\$000)	2,514,477	2,269,507	3,017,750	3,140,944	4,112,213	3,619,021
Gulf Cooperation Council (A\$000)	1,637,764	1,663,585	2,029,022	2,073,317	2,658,234	2,390,540
Bahrain (A\$000)	102,002	122,533	132,388	103,319	113,462	130,669
Brunei (A\$000)	19,249	20,219	22,124	23,043	28,010	27,348
Egypt (A\$000)	200,506	355,027	408,152	395,907	358,029	349,216
Indonesia (A\$000)	2,136,916	2,607,299	2,619,750	2,479,937	2,810,049	3,355,002
Iran (A\$000)	187,935	103,072	118,559	406,129	270,482	354,344
Iraq (A\$000)	254,190	75,110	375,546	160,481	589,773	272,601
Jordan (A\$000)	138,524	105,802	150,717	151,467	162,936	163,915
Kuwait (A\$000)	252,195	294,157	405,422	306,819	373,200	394,440
Malaysia (A\$000)	944,861	954,478	938,306	1,001,589	1,102,809	1,358,290
Oman (A\$000)	68,236	99,682	88,139	110,272	98,985	112,369
Qatar (A\$000)	90,168	107,136	128,809	186,438	148,295	173,971
Saudi Arabia (A\$000)	573,997	471,693	715,678	684,735	1,005,429	739,078
United Arab Emirates (A\$000)	551,166	568,386	558,585	681,733	918,864	840,013

Source: DFAT STARS Database, based on ABS Cat No 5368.0, May 2015 data; ABS Special Data Service.

² Drew Desilver, "World's Muslim population more widespread than you might think." Pew Centre. Last modified 7 June 2013. <http://www.pewresearch.org/fact-tank/2013/06/07/worlds-muslim-population-more-widespread-than-you-might-think/>

³ Drew Desilver, "World's Muslim population"

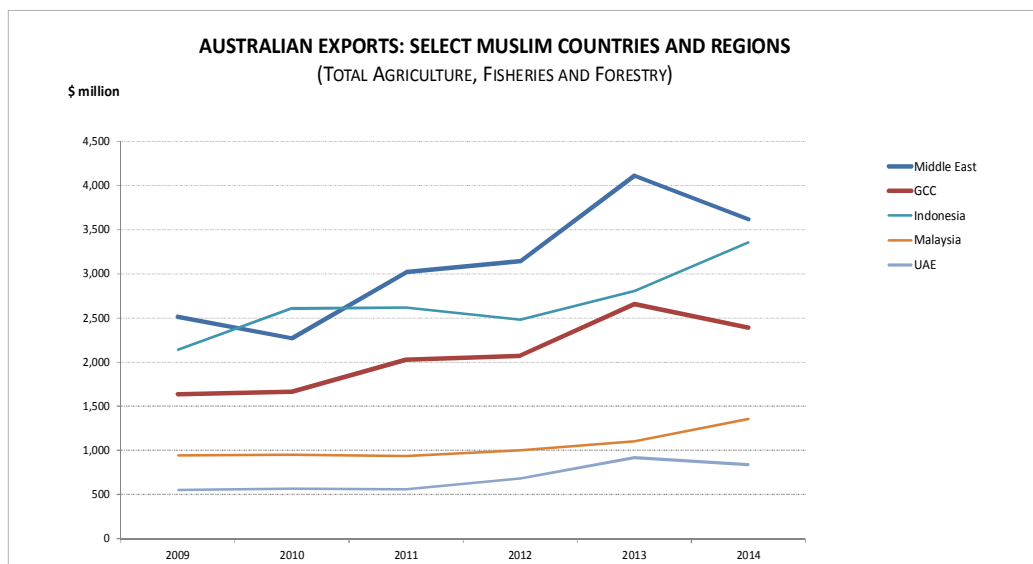
⁴ Agriculture and Agri-Food Canada, *Global Pathfinder Report, Halal Food Trends*, (Ottawa: Market Indicator Report, April 2011), p5.

⁵ *Ibid.*

⁶ Dubai Chamber of Commerce, "Dubai Chamber report shows increasing preference for halal food as global market grows to US\$1.1 trillion in 2013." Last modified 10 August 2014, <http://www.dubaichamber.com/en/news/dubai-chamber-report-shows-increasing-preference-for-halal-food-as-global-market-grows-to-us1-1-trillion-in-2013>

⁷ Dubai Chamber of Commerce, "Dubai Chamber report"

GRAPH A



5. The Australian Government-regulated Authorised Halal Program for red meat exports enables our red meat exporters to access markets that require red meat imports to be accompanied by government-endorsed halal certification. These markets include Bahrain, Brunei, Egypt, Indonesia, Iran, Iraq, Jordan, Kuwait, Malaysia, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Malaysia, Indonesia and the United Arab Emirates are among Australia's top fifteen export markets. Australia also exports halal certified red meat to a number of other key markets, including China, the United States, Singapore, Thailand and Japan. The Department of Agriculture has valued halal certified red meat and meat product exports at \$1.4 billion (2013-14).

6. Were we unable to offer Australian Government assured halal certification to our Muslim and other trading partners, access for our red meat exports to these markets would be limited and potentially denied, with a corresponding deleterious effect on the Australian red meat export industry. Likewise, if other food businesses did not have access to commercial halal certification services this would limit their ability to access a large and growing pool of Muslim consumers, many of whom reside in rapidly growing economies⁸ within our region.

7. In Australia, halal certification for domestic consumers or for food exports other than red meat is implemented through voluntary, commercial arrangements between businesses and halal certifiers.

⁸ Agriculture and Agri-Food Canada, *Global Pathfinder Report*, p3.

Organic products

8. Australia's certified organic industry, which is worth \$1.7 billion,⁹ is self-regulated,¹⁰ and in order to ensure access to the \$91 billion (2014)¹¹ global organics market third party certifiers maintain a range of government and non-government accreditations.¹²

9. Australian organic certifying bodies also maintain eight international market accreditations, including with the United States, the European Union, Japan, the Republic of Korea and Canada.¹³ North America and the European Union comprise some 90 per cent of global demand for organics.¹⁴ They are also our largest overseas markets for organics and represent opportunities for further growth.¹⁵ Organic farming in North America and Europe has not increased enough to meet local demand¹⁶, and Australia still has the largest area of organic certified land in the world at 22 million hectares.¹⁷ There was a 53 per cent increase in certified organic land in Australia between 2011 and 2014. This was mostly due to grazing land coming into production to meet strong demand for organic beef.¹⁸

10. Australian organic production (farm-gate) value is \$508 million, up 18 per cent since 2012.¹⁹ The export value of the Australian organic industry as a whole is worth \$340 million, more than double the value in 2012.²⁰ This represents 20 per cent of the value of the organics industry in Australia.²¹ In 2014, organic food and beverage exports were worth over \$100 million.²²

11. Although Australia's total percentage share of the global organic food market is only 2.3 per cent, the forecast compound annual growth rate of the Australian industry for 2014-2016 is 12.5 per cent, more than double that of the global industry of 5.9 per cent.²³ This growth potential will benefit from continued robust third party certification for organics, which in turn should continue to support national and international consumer confidence in Australian organic produce and ensure that we maintain access to key overseas markets.

⁹ Australian Organic Ltd, *Australian Organic Market Report 2014* (Queensland: Australian Organic Ltd, 2014), p2.

¹⁰ Monk A, Mascitelli B, Lobo A, Chen and Bez J & N, *Australian Organic Market Report 2012* (Queensland: Biological Farmers of Australia Ltd, 2012), p12.

¹¹ Australian Organic Ltd, *Australian Organic Market Report 2014*, p2.

¹² Monk, Mascitelli, Lobo, Chen and Bez, *Australian Organic Market Report 2012*, p65.

¹³ Australian Organic Ltd, *Australian Organic Market Report 2014*, p12.

¹⁴ Monk, Mascitelli, Lobo, Chen and Bez, *Australian Organic Market Report 2012*, p62.

¹⁵ Australian Organic Ltd, *Australian Organic Market Report 2014*, p3.

¹⁶ *Ibid.*

¹⁷ *Ibid.*, p10.

¹⁸ *Ibid.*

¹⁹ *Ibid.*, p9.

²⁰ *Ibid.*, p3.

²¹ *Ibid.*

²² *Ibid.*, p9.

²³ *Ibid.*, p2.