



Australian Government

Department of Agriculture, Fisheries and Forestry

SECRETARY

26 November 2009

Jeanette Radcliffe
Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Ms Radcliffe

Inquiry into the impact and consequences of the Government's decision to relax import restrictions on beef

Thank you for your email of 11 November 2009 on behalf of the committee, inviting the department to make a submission to this inquiry.

Your email advised that, "in particular, the committee has requested that the Department provide a concise briefing note from its portfolio perspective setting out the rationale for the policy decision to relax import requirements for consignments of beef or beef products from other countries; and the process through which new import requirements have been, or will be, developed and implemented, including the key dates in this process".

Accordingly, please find attached the department's submission to the inquiry which addresses the above detailed matters from a portfolio perspective and also provides information of a more general nature concerning this policy change.

I trust that the information in the submission will assist the committee with their inquiry. Relevant departmental officers will be available to attend on 30 November 2009.

Yours sincerely

Conall O'Connell



Australian Government

Department of Agriculture, Fisheries and Forestry

**SENATE RURAL AND REGIONAL AFFAIRS
AND TRANSPORT REFERENCES COMMITTEE**

**INQUIRY INTO THE POSSIBLE IMPACTS AND
CONSEQUENCES FOR PUBLIC HEALTH,
TRADE AND AGRICULTURE OF THE
GOVERNMENT'S DECISION TO RELAX
IMPORT RESTRICTIONS ON BEEF**

**SUBMISSION
FROM
DEPARTMENT OF AGRICULTURE, FISHERIES AND
FORESTRY**

NOVEMBER 2009

SUMMARY

In 2001 the then government implemented a policy on bovine spongiform encephalopathy (BSE) and imported food safety. The government's decision to modify this policy will provide an insurance policy for the Australian beef industry against damage in the unlikely event of a BSE case in Australian cattle, will not diminish the level of protection for Australian consumers and will not affect Australia's international animal health status. At the same time it is consistent with Australia's science-based risk management approach to food safety.

The new policy will help protect the multi-billion dollar Australian beef industry and rural and regional Australia against damage if there were a case of BSE in Australian cattle. Under this circumstance, in order to be consistent with our World Trade Organization obligations, the 2001 policy would have required all Australian beef to be removed from butcher and supermarket shelves. In the unlikely event of a BSE case in Australian cattle, the new policy will put Australian officials in a much stronger position to negotiate on-going access to our export beef markets, because importing countries are likely to impose import restrictions on Australian beef which are at least as strict as those applied to them by Australia. The new policy therefore provides a better outcome for our beef industry, both domestically and for export.

The government's new policy will not diminish the level of protection for the health and safety of Australian consumers. In reconsidering the policy, the Department of Health and Ageing commissioned an independent review of the contemporary scientific knowledge of the human health risks posed by BSE. This review was then peer reviewed and supported by expert scientists under the National Health and Medical Research Council's Transmissible Spongiform Encephalopathies Advisory Committee. Australia's Chief Medical Officer, Professor Jim Bishop, was also consulted. This review built on previous reviews and found that it is possible to conditionally import beef from countries that have reported cases of BSE with a negligible effect on the high level of protection for the Australian public.

The 2001 policy's risk assessment methodology and provisions are not supported by contemporary scientific knowledge or the relevant international standard of the World Organisation for Animal Health (OIE). The government's new policy is based upon the OIE's updated risk assessment methodology and contains provisions largely consistent with the relevant international standard, although being more conservative in some important aspects.

Trading partners were increasingly critical of the 2001 policy, largely because it is inconsistent with current science, leaving Australia vulnerable to retaliatory trade action. The trend in key trading partners has been to align BSE import food safety policies for beef more closely to the OIE's international BSE standard, including permitting beef imports from some countries that have reported BSE cases. The new policy therefore reduces the risk of a challenge to this policy through WTO processes.

Countries that apply to export beef to Australia will be required to undergo a rigorous risk assessment led by Food Standards Australia New Zealand (FSANZ) as described in a policy document on the FSANZ website. FSANZ is responsible for further developing these conditions to be ready for their use in conducting country risk

assessments from 1 March 2010. The new import conditions will require exporting countries to prove they have acceptable controls in place, even if a particular country has not reported BSE, and demonstrate that those controls are monitored. This will include controls on food safety, animal health, surveillance, feeding and slaughter practices.

This does not mean that countries must have exactly the same arrangements in place as those in Australia. It means that the measures that they do have in place provide a safe supply of beef and beef products at or above Australia's appropriate level of protection. Australian officials may also conduct in-country audits if considered necessary. The role of Department of Agriculture, Fisheries and Forestry (DAFF) will be to assist FSANZ with desk and in-country audits and assess imports at the border through existing arrangements under the *Imported Food Control Act 1992*.

Countries exporting beef to Australia will also have to meet the full range of other food safety and animal health requirements that apply.

The government's new policy will not affect Australia's most favourable animal health status as a 'negligible BSE risk' country. Current BSE-related import conditions for live cattle remain unaltered. There is no plausible route by which this non-contagious disease could be transmitted to Australian cattle via safe, imported beef. Australian governments have existing BSE-related regulatory controls that *inter alia* prohibit feeding cattle and other ruminants with meat and bone meal and which serve to protect Australia's internationally recognised 'negligible BSE risk' status.

The new policy will not change other requirements for the food safety of imported beef; nor will it change existing measures for beef imports in regard to animal diseases of quarantine concern, as opposed to food safety concern e.g. foot-and-mouth disease. Furthermore, given Australia's strongly competitive position in domestic and international markets for beef, it is not anticipated that the new rules will lead to any significant increase in the level of beef imports into Australia.

In reaching its decision, the government consulted with a wide range of interested public health and beef industry bodies and no concerns were raised. Peak beef industry bodies have had policy positions seeking changes to the 2001 policy for some years.

INTRODUCTION

The Department of Agriculture, Fisheries and Forestry (DAFF) annual report for 2008–09 states that the department's planned outcome for 2008–09 was:

“Australian agricultural, fisheries and forestry industries that are based on sustainable management of and access to natural resources, are more competitive, self-reliant and innovative, have increased access to markets, are protected from disease and are underpinned by scientific advice and economic research.”

From 1 July 2009, a separate outcome has been defined specifically related to the creation of the Biosecurity Services Group:

“Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.”

This submission to the inquiry addresses issues from a portfolio perspective and also provides information of a more general nature concerning this policy change.

EXISTING POLICIES ON BSE AND IMPORTED FOOD SAFETY

Australia's 2001 policy

In 2001, Australia put in place food safety measures to protect the Australian population from BSE. The *Australia New Zealand Food Standards Code, Standard 2.2.1 Meat and Meat Products*, available on the FSANZ website¹, was amended at the time to require that bovine meat and meat products² must be derived from animals free from bovine spongiform encephalopathy. This standard applies equally to both domestic and imported meat and meat products.

In regard to domestically produced beef, the state and territory governments are responsible for enforcing the requirements in the *Australia New Zealand Food Standards Code*.

In regard to imported beef, the BSE-related requirements in the *Australia New Zealand Food Standards Code* are given effect through an administrative system of country BSE risk categorisation, with the applicable policy published on the FSANZ website³. The policy was announced in 2001 and is administered by FSANZ, with assistance from DAFF. It included an *ad infinitum* ban on imports of beef and beef products from countries reporting any BSE cases. When Australia announced this policy, departments recognised that the policy was conservative and that scientific understanding and management of the risks of BSE were progressing. A verbal commitment was given to trading partners that the policy would be reviewed in 2003,

¹ http://www.foodstandards.gov.au/srcfiles/Standard_2_2_1_Meat_v103.pdf

² The requirement does not apply to collagen or gelatine from bovine skins and hides, bovine dairy products, bovine fat or tallow present at no more than 300 g/kg of a processed food.

³ <http://www.foodstandards.gov.au/foodmatters/bovinespongiformencephalopathybse/bovinespongiformence713.cfm>

two years after implementation. It is a matter of public record that a scientific review of the policy commenced in 2003 and that the previous government considered proposals to update the policy in 2005 and 2007, but the policy was not changed.

Under the 2001 policy, countries that have not ever reported a BSE case in their cattle herd can apply to FSANZ for BSE risk assessment. The *Australian BSE Country Classification Committee*, chaired by FSANZ with DAFF membership to provide animal health expertise, assigns countries to *Category A*, *Category B* or *Category C*, depending on the level of assessed BSE risk based on country technical submissions. Differing food safety measures are then applied to beef imports from each category. DAFF, via AQIS, checks at the border that the correct certification has been provided for the country category involved for each consignment. Current country categorisation decisions by the *Australian BSE Country Classification Committee* are available on the AQIS website⁴.

Under the 2001 policy, a country that reports its first indigenous case of BSE is immediately placed in *Category D*. Once a country has reported a case of BSE, there is no provision to review its status and importation of beef from that country for human food is suspended *ad infinitum* by the policy. In the case of European countries and Japan, FSANZ issued advice to retailers to recall products and to consumers to discard them. In some other cases, FSANZ applied a risk management approach to beef for human food produced before the first case is reported i.e. imports were permitted as long as their production date predated the first BSE case and were certified not to contain "BSE risk material". The first cases of BSE in Canada and the United States of America (US) resulted in the suspension of beef imports produced on or after 21 May 2003 and 29 December 2003 respectively.

This approach has some inherent weaknesses because there has never been a mechanism of in-country inspections to verify information provided for desk audit and the methodology used is now outdated. The methodology used was largely based on the system developed and implemented by the European Commission in the late 1990s called the *Geographical BSE Risk* (GBR) system. This methodology has not been used by the European Commission to assess countries since 2007 when the World Organisation for Animal Health (OIE) commenced country risk assessments against the updated OIE methodology.

International standard for BSE

The OIE *Terrestrial Animal Health Code* aims to assure the sanitary (disease related) safety of international trade in land based animals and their products. This is achieved through detailing health measures to be used by veterinary authorities of importing and exporting countries to avoid the transfer of agents pathogenic for animals or humans, while avoiding unjustified sanitary barriers. The OIE is recognised by the WTO as the relevant standards setting body in this area. The OIE currently has 175 members.

For around 10 years, the OIE *Terrestrial Animal Health Code* chapter on BSE has detailed measures used in preventing the trade-related transfer of BSE between

⁴ http://www.daff.gov.au/data/assets/pdf_file/0008/336581/Imported-food-notice-04-07.pdf

countries. In 2005, OIE members agreed to significantly update the chapter on BSE, including adopting a new three category country classification system assessing members as either 'negligible', 'controlled' or 'undetermined' BSE risk. At the same time, recommendations were updated for the safe trade in beef from countries with BSE cases in their cattle herd and these have since been reviewed from time to time. The chapter on BSE also recognises that only certain cattle tissues present a risk of transmitting BSE and recommends that these be removed from cattle from 'controlled' or 'undetermined' BSE risk countries at slaughter if they are above a certain age. These tissues are tonsils, part of the small intestine, brains, eyes, spinal cord, skull and vertebral column. The 2009 version of the latest OIE *Terrestrial Animal Health Code* chapter on BSE is available from the OIE's website⁵.

The OIE also officially assesses the BSE status of member countries that apply for assessment, against the requirements of the chapter on BSE. These assessments are then considered for adoption by OIE member countries each May at the OIE General Session. As of May 2009, 11 OIE members have been assessed as 'negligible risk' and 32 OIE members have received a 'controlled risk' assessment. Further details are available from the OIE's website⁶. The assessment is based on a desk audit of a country's technical submission against set criteria. It does not involve in-country audits to verify data submitted. However, retention of a country's assessed status requires that the information for the previous 12 months on BSE surveillance results and feed controls be re-submitted annually. Additionally, changes in the BSE epidemiological situation in the country or other significant events must be reported immediately to the OIE.

Equivalent policies in other countries

The trend in key trading partners is to align BSE import policies for beef more closely to the OIE *Terrestrial Animal Health Code* chapter on BSE. The BSE-related import requirements of a number of countries have been progressively relaxed in recent years, particularly in North Asian markets, from a previous position of blanket bans on imports from countries with reported BSE cases. Japan, Taiwan, the Republic of Korea, New Zealand, Canada, the United States and European Union Member States are examples of the many countries that now permit beef imports from countries that have reported BSE cases. European Union Member States and New Zealand defer to OIE assessments of countries' BSE risk, although the European Commission will also conduct its own assessment if a country is in the OIE 'undetermined' category.

THE NEW POLICY ON BSE AND IMPORTED FOOD SAFETY

Developing the new policy

Australian human health and animal health authorities have closely monitored scientific knowledge on BSE since the 2001 policy was instituted. At the time it was recognised that the policy was conservative and that scientific understanding about management of the risks of BSE were evolving. In reconsidering the 2001 policy, the Department of Health and Ageing commissioned an independent review of the scientific evidence in 2009 by Professor John Mathews, an eminent scientist with 40

⁵ http://www.oie.int/eng/normes/mcode/en_chapitre_1.11.6.pdf

⁶ http://www.oie.int/eng/Status/BSE/en_BSE_free.htm

years experience as an epidemiological researcher. The 2009 review was then peer reviewed and supported by expert scientists under the National Health and Medical Research Council's Transmissible Spongiform Encephalopathies Advisory Committee. Australia's Chief Medical Officer, Professor Jim Bishop, was also consulted. A copy of Professor Mathews' report is available from the Department of Health and Ageing website⁷.

Professor Mathews' review involved a thorough examination of developments in the scientific knowledge of BSE and variant Creutzfeldt-Jakob disease (vCJD) since 2001. The review also considered the effect of control measures on reducing transmission of BSE in animal herds and preventing transfer of the BSE agent into human food, the human blood supply and human therapeutics.

Some of the 2009 review's conclusions are summarised below.

- . Over the last five years the evidence for more effective control of the global BSE epidemic has strengthened. Passive and active surveillance, carried out in accordance with OIE guidelines and European Community legislation, has shown that numbers of BSE-affected cattle are falling year by year in virtually all affected countries.
- . The amount of BSE-infected material entering the human food chain in "controlled BSE risk" countries such as the UK is now very small because of the decline in BSE, the removal of brain and other specified risk materials (SRMs) from carcasses, and the detection and destruction of infected animals.
- . The risk of future food-borne transmissions leading to human vCJD is very small, if not negligible, even in the UK, where previously the risk was greatest.
- . It is possible to import beef from countries that have reported cases of BSE with a negligible effect on the high level of protection for the Australian public provided the appropriate risk mitigation mechanisms are put in place e.g. an estimate of the absolute risk to Australians from UK beef imports, if this were to be allowed and comprised an unlikely 10% of beef consumed, is found to be 40 million times less than the risk from road accidents.

DAFF's role in developing the new policy was to:

- . brief Professor Mathews on scientific animal health related BSE developments;
- . help develop the new policy through an inter-departmental process coordinated by the Department of Foreign Affairs and Trade and involving the Department of Health and Ageing, supported by FSANZ, the Therapeutic Goods Administration and the Department of the Prime Minister and Cabinet;
- . provide advice to the Minister for Agriculture, Fisheries and Forestry;
- . conduct consultations during policy development with peak beef industry bodies i.e. the Red Meat Advisory Council Limited (including its members the Cattle Council of Australia and the Australian Meat Industry Council), Meat and Livestock Australia and the National Farmers' Federation; and
- . consult with state and territory animal health officials during policy development.

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[http://www.health.gov.au/internet/main/publishing.nsf/Content/B081C7E60E542608CA257654000AF13E/\\$File/tse-report-oct-09.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/B081C7E60E542608CA257654000AF13E/$File/tse-report-oct-09.pdf)

Details of the new policy

The government's new policy was announced on 20 October 2009 and enters into effect on 1 March 2010. No legislative amendment is required to enact the new policy. The BSE-related provision of the *Australia New Zealand Food Standards Code* remains unchanged and continues to operate to safeguard Australian consumers of beef and beef products i.e. that "bovine meat and food ingredients derived from bovines must be derived from animals free from bovine spongiform encephalopathy".

The new policy is outlined in a document on the FSANZ website⁸ - *Bovine spongiform encephalopathy (BSE): requirements for the importation of beef and beef products for human consumption – effective 1 March 2010*. The information below summarises the details in this policy document. The new policy allows the import of certain beef and beef products from countries that apply and are assigned *Category 1* or *Category 2* status upon assessment by Australian authorities. Countries must demonstrate they have in place, and appropriately monitor, controls necessary to ensure that their beef and beef products meet Australia's legal requirement in the *Australia New Zealand Food Standards Code* to be sourced from cattle free from BSE.

The new policy is in step with current scientific evidence and international moves to protect consumers from exposure to BSE. It takes into account the requirements of the OIE *Terrestrial Animal Health Code*. The OIE is recognised by the WTO as the relevant standards setting body in this area, and the WTO SPS agreement requires countries to adopt the relevant international standard unless otherwise justified by risk assessment.

However, Australia's new policy is more conservative than the OIE *Terrestrial Animal Health Code* in some important aspects because it is tailored to Australia's specific needs, and yet remains consistent with Australia's international rights and obligations. The new policy does not directly adopt the entire OIE *Terrestrial Animal Health Code* chapter on BSE. Also, it does not adopt the OIE's official assessments of countries' BSE risks against this standard, but may take into account that an applicant country had obtained a favourable BSE risk assessment by the OIE. The new policy is based on the conduct of a risk assessment of each applicant country by the *Australian BSE Food Safety Assessment Committee* that will be chaired by FSANZ. The risk assessment will include a desk audit of technical submissions from applicant countries against the OIE's criteria and using the OIE's methodology. Additionally, an in-country inspection by Australian officials to verify this information will be undertaken if necessary. This is currently not part of the OIE's methodology.

The policy document outlines that risk assessment will result in categorisation of countries as *Category 1*, *Category 2* or *Category 3*. The latter category is analogous to the 'Undetermined BSE Risk' category of the OIE *Terrestrial Animal Health Code*, but beef and beef products cannot be imported even though the OIE code chapter

⁸ <http://www.foodstandards.gov.au/srcfiles/Policy%20Document%20-%202025%20September%202009%20Final.pdf>

makes recommendations under which certain products from these countries may be internationally traded.

A number of risk factors will be rigorously assessed by the *Australian BSE Food Safety Assessment Committee* when categorising an applicant country as either *Category 1*, *Category 2* or *Category 3* consistent with the OIE's methodology. The policy document states that these include measures within a country to reduce transmission of BSE in cattle herds and prevent transfer of the BSE agent into human food. FSANZ is responsible for further developing these conditions to be ready for their use in conducting country risk assessments by 1 March 2010.

The risk assessment will also include consideration of the effectiveness of any cattle identification and tracing system that the country uses, but this is only one component of the many measures that a country may have in place to manage disease risks in cattle. Not all other countries have a system that is as comprehensive as Australia's National Livestock Identification System. However, they may well have systems and a range of other measures that are appropriate to their circumstances and provide an equivalent outcome in terms of managing BSE risk.

The policy document outlines that, if countries are assessed as either *Category 1* or *Category 2*, certification will need to accompany each consignment of beef and beef products imported into Australia. For example, certification for consignments from *Category 2* countries will need to attest for beef and beef products that "... they do not contain, and are not contaminated with BSE risk materials". The policy document also outlines transitional arrangements that will apply for countries already approved to export beef to Australia.

DAFF's role in implementation of the new policy

The *Australian BSE Food Safety Assessment Committee* will be chaired by FSANZ and it will include food safety and risk assessment experts from FSANZ. It is envisaged that an animal health expert from DAFF will assist with risk assessment of animal health-related controls, as was the case with the previous committee under the 2001 policy.

If an in-country inspection by Australian officials is required to verify information provided to FSANZ for risk assessment, it is envisaged that DAFF would provide expertise for the inspection team.

Upon advice from the FSANZ Chief Executive Officer to DAFF of the *Australian BSE Food Safety Assessment Committee* decision on a country's BSE risk assessment, the relevant certification requirements for that country's BSE risk assessment are implemented through existing arrangements under the *Imported Food Control Act 1992*. Under these arrangements DAFF, via the Australian Quarantine and Inspection Service, will check at the border that the beef or beef products come from an eligible country and the correct certification for consignments has been provided as was the case under the 2001 policy.

The new policy will not impact on other requirements for the food safety of imported beef; nor will it impact on existing measures for beef imports in regard to animal

diseases of quarantine concern e.g. foot-and-mouth disease. The new policy will not impact on existing quarantine measures for the importation of live cattle whereby New Caledonia is currently the only country approved for live cattle imports.

LIKELY EFFECTS OF THE NEW POLICY

This section discusses possible impacts of the new policy on Australia's beef exports and imports and also on the unlikely circumstance of a BSE case being detected in Australian cattle.

Likely effects of the new policy on Australia's export markets

The government's new policy should have no negative effect on Australia's market access for its beef exports.

The new policy will not affect Australia's official status as a 'negligible BSE risk' country as assessed by the OIE and equivalent statuses recognised by our major trading partners such as the European Union, New Zealand, the United States, Canada, the Republic of Korea, Taiwan and Japan. Imports of beef for human food that comply with the recommendations of the OIE are not a risk factor that is considered in national or international BSE risk assessments.

New Zealand has had policies in place for around eight years that allow beef imports for human food from countries that have reported indigenous BSE cases. These policies have not affected New Zealand's beef and beef product exports or that country's 'negligible BSE risk' status as recognised by the OIE and equivalent statuses recognised by their major trading partners, including Australia.

With regard to animal health issues, BSE is not a contagious disease and has a very different route of transmission from viral diseases of livestock such as foot-and-mouth disease. It does not spread directly between cattle. The only important route of transmission is by feeding cattle with meat and bone meal made by rendering BSE risk materials, such as brain and spinal cord, from cattle that are infected with BSE. As noted above, Australia currently has in place comprehensive regulatory controls which prohibit the feeding of meat and bone meal to cattle and other ruminant animals. Therefore, there is no plausible route by which this non-contagious disease could be transmitted to Australian cattle via safe, imported beef which, in the case of *Category 2* countries, has already had BSE risk materials removed in the country of origin.

The new policy will not affect existing stringent safeguards at the border over the risk of Australian cattle being exposed to the BSE agent via other imported products such as stock feeds, pet food and veterinary therapeutics and vaccines. It will not affect the animal health policy banning meat and bone meal imports from all countries except New Zealand which has an equivalent BSE status to Australia. Additionally, states and territories have existing BSE-related statutory controls that *inter alia* prohibit feeding cattle and other ruminants with meat and bone meal. This further minimises the risk that the BSE agent could be circulated within the Australian cattle herd. These preventative measures and BSE surveillance in Australian cattle are nationally coordinated through the Transmissible Spongiform Encephalopathy Freedom

Assurance Program. Further details on the program are available from the Animal Health Australia website⁹.

DAFF, via AQIS, has long-standing, rigorous measures in place at Australian establishments that produce meat for export to ensure that imported meat, if present, is segregated from meat derived from Australian animals. These measures are based on approved segregation programs developed by the management of individual establishments and approved and audited by AQIS. Additionally, if imported meat is to be re-exported after further processing in Australia, AQIS negotiates specific bilateral certification with the destination country. This process ensures that the importing country is both aware of the product's origin and accepts the arrangements over its segregation and production.

The new Australian policy is unlikely to be seen by third parties as a precedent and is therefore unlikely to significantly influence arrangements negotiated between other countries on beef market access to the potential detriment of Australian beef exports. This is because:

- . the new policy is more conservative than the applicable OIE standard
- . it is more conservative than the equivalent New Zealand policy
- . market access has largely been re-established for US and Canadian beef to key export beef markets, particularly in Asia.

Trading partners were increasingly critical of the 2001 policy, largely because it is inconsistent with current science, leaving Australia vulnerable to retaliatory trade action. The trend in key trading partners has been to align BSE import food safety policies for beef more closely to the OIE's international BSE standard, including permitting beef imports from some countries that have reported BSE cases. The new policy therefore reduces the risk of a challenge to this policy through WTO processes. Australia's \$29 billion of exports from agriculture, fisheries and forestry industries rely on world markets accepting our science based approach to import requirements. The change will improve Australia's pro-trade credentials as a major agricultural exporter.

Likely effects of the new policy on Australia's beef imports

The Australian beef industry is very competitive internationally. Australia produces 4 per cent of the world's beef supply, estimated by ABARE to be \$7.1 billion gross value of production. It is the second largest beef exporter in the world. In 2007-2008, Australia exported about 60 per cent of its total beef and veal production to over 100 countries. In 2008, Australia accounted for 65 per cent of Korea's beef imports (the US accounted for 15 per cent) and 78 per cent of Japan's beef imports (the US accounted for 13 per cent).

Historically, Australia has imported limited quantities of chilled beef, frozen beef or processed beef products. Even in the lead up to the implementation of the 2001 policy, Australia imported very small quantities of beef and beef products. Since the implementation of the 2001 policy, imports have only been permitted from countries classified as *Category A*, *Category B* or *Category C*. For 2008, total imports of beef

⁹ http://www.animalhealthaustralia.com.au/programs/adsp/tsefap/tsefap_home.cfm

and beef products were around 4,700 tonnes, equivalent to approximately 0.2 per cent of Australia's beef production by weight or approximately 0.4 per cent of Australia's beef exports by weight.

Subject to attaining country assessments as *Category 1* or *Category 2*, and provided all other food safety and quarantine requirements are met, the new policy is likely to allow more countries the opportunity to export beef and beef products to Australia. However, the quantity imported is expected to remain relatively small given Australia's status as a very competitive and significant global beef exporter and the small quantities of imported beef and beef products, both historically and currently. For example, when imports of beef and beef products were suspended from 30 European countries on 8 January 2001, FSANZ estimated that only around 1,000 tonnes annually (or 0.2 per cent of the domestic beef market) was affected. Imports of British beef and beef products had already been suspended since 1996. Similarly, FSANZ advised that Japanese beef and beef product imports only accounted for 0.2 per cent of imports when they were suspended on 24 September 2001. Prior to 2003, when BSE was first reported in Canada and the US and Australia suspended imports, small quantities of beef products were imported from Canada and the US and small quantities of fresh beef were imported from the US for speciality restaurants, which closed for business before 2003.

Country of origin labelling is a separate issue to the new policy on BSE and imported food safety. Country of origin labelling is not a requirement to ensure the safety of imported beef for consumers. Rather it serves to inform consumer choice in making purchasing decisions. The Council of Australian Governments and the Australia and New Zealand Food Regulation Ministerial Council have agreed to undertake a comprehensive review of food labelling law and policy. Further details are available on the Department of Health and Ageing website¹⁰. Primary Industries Ministerial Council noted the need for further consideration of country of origin labelling of red meat at its November 2009 meeting¹¹.

Likely effects of the new policy if BSE occurred in Australian cattle

The Australian beef industry was estimated by the Australian Bureau of Agricultural and Resource Economics (ABARE) to be \$7.1 billion gross value of production in 2008-09, with about 60 per cent exported.

The negligible risk of a case of BSE in Australian cattle will not change under the new policy. Australia must comply with WTO national treatment obligations not to treat domestic products more favourably than imports. The change in policy will reassure Australian farmers that, in the unlikely event of a case of BSE in Australian cattle, there will be no automatic blanket requirement to remove Australian beef from butcher and supermarket shelves. Such an approach would have been necessary for consistency with international obligations under the previous policy. The new policy allows for a more rational, risk-based approach to be taken to guarantee domestic food safety.

¹⁰ <http://www.health.gov.au/internet/main/publishing.nsf/Content/review-food-labelling-law-&-policy>

¹¹ http://www.mincos.gov.au/data/assets/pdf_file/0004/1365511/pimc-16.pdf

The national economic impacts of a BSE case in Australia could be larger than that seen in the US, Canada and Japan. This is because of the Australian beef industry's reliance on exports to a relatively small number of markets that are very sensitive to food safety matters. The experiences of Japan, Canada and the US have shown that there are long and costly delays in re-negotiating access to overseas markets when an indigenous BSE case is reported. The 2001 policy would almost certainly delay attempts to regain access to key beef markets should BSE be detected in Australian cattle, exacerbating national and rural economic dislocation. In the face of Australia's long history of excluding beef from a country reporting BSE, it would be highly likely that importing countries would behave in a like manner towards their imports of Australian beef. Australian exporters would be faced with long term exclusions from markets and large-scale product recalls. Should Australia experience a BSE case, the new policy will put Australian officials in a much stronger position to negotiate on-going access to our export beef markets.

Based on the above points, the new policy will help protect this industry and rural and regional Australia against damage if there were a case of BSE in Australian cattle, thereby providing a better outcome for our beef industry.

The animal health aspects of a response to a BSE case in Australia are comprehensively covered by existing contingency plans. These include:

- . the Australian Veterinary Emergency Plan or AUSVETPLAN
- . the *Government and Livestock Industry Cost Sharing Deed in Respect of Emergency Animal Disease Responses*
- . the *Australian Government Agricultural Emergency Plan*, which describes how Australian government agencies will work together to manage the response to nationally significant agricultural emergencies.