

RED MEAT ADVISORY COUNCIL LIMITED

Submission to the Senate Standing Committee, Rural and Regional Affairs and Transport

The possible impacts and consequences for public health, trade and agriculture of the Government's decision to relax import restrictions on beef

26 November 2009

SUBMITTERS

This submission is presented by Red Meat Advisory Council Ltd (RMAC) with input and support from Meat and Livestock Australia Ltd (MLA).

RMAC is the peak policy and advisory body for the red-meat and livestock industry and has as its members Australian Meat Industry Council, Cattle Council of Australia, Sheepmeat Council of Australia, Australian Lot Feeders' Association and Australian Livestock Exporters' Council. The industry has a combined value of \$15.8 billion¹.

MLA is a producer-owned company, working in partnership with industry and government to achieve a profitable and sustainable red-meat and livestock industry. MLA has the responsibility of providing marketing and research services to its 46,500 livestock producer members and the broader red-meat industry to help them meet community and consumer expectations.

Some of the statements in this submission are based on SAFEMEAT Partnership (SAFEMEAT) policy. SAFEMEAT provides a unique forum for industry representatives and government authorities in Australia to discuss and form policy on food-safety issues such as transmissible spongiform encephalopathies, which include scrapie and bovine spongiform encephalopathy (BSE). SAFEMEAT's membership comprises representatives from the Australian Meat Industry Council, Cattle Council of Australia, Sheepmeat Council of Australia, Australian Lot Feeders' Association, Australian Livestock Exporters' Council, Australian Government Department of Agriculture, Fisheries and Forestry, the Australian Chief Veterinary Officer, the Chief Executive Officers of State/Territory Department of Agriculture/Primary Industries and the Chief Executive Officers of State/Territory Meat Industry Authority (or equivalent bodies).

¹ Industry value 2007-08 (source: *Meat Industry Strategic Plan 2010-15*)

BACKGROUND

“BSE is not a contagious disease, and its only significant route of transmission is through feeding cattle meat and bonemeal produced from BSE-infected cattle.” (SAFEMEAT)

Over the past 20 years the World Organisation for Animal Health, or OIE, has developed a clear and unequivocal country specific classification system based on BSE incidents. The three categories are *Negligible BSE Risk*, *Controlled BSE Risk* and *Undetermined BSE Risk*. A full explanation of these categories is contained in the OIE's Terrestrial Animal Health Code 2009, Chapter 11.6².

Depending on a country's categorisation a strict set of rules is applied to enable that country to continue processing, and in many cases trading, its beef and bovine products while ensuring the spread of the disease and its possible effects on human health are nullified. Essentially these rules revolve around: the implementation of a ban on feeding meat-and-bone meal and greaves derived from cattle; permanent identification for traceability; adequate surveillance to enable detection, slaughter and testing; and, in the case of *Controlled BSE Risk* and *Undetermined BSE Risk* countries, the mandatory removal of Specified Risk Materials³ (SRMs) from the food/feed chain⁴.

Countries currently listed by the OIE as *Negligible BSE Risk* are: Argentina, Australia, Chile, Finland, Iceland, New Zealand, Norway, Paraguay, Singapore, Sweden and Uruguay.

Countries currently listed by the OIE as *Controlled BSE Risk* are: Austria, Belgium, Brazil, Canada, Chinese Taipei, Colombia, Cyprus, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Mexico, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Switzerland, United Kingdom and the United States of America.

All remaining cattle-producing countries are listed as *Undetermined BSE Risk*.

As a country holding *Negligible BSE Risk* status, Australia meets its international obligations as set out in OIE's Terrestrial Animal Health Code, Chapter 11.6.

IMPORT POLICY – OLD AND NEW

In 2001 Australia imposed a blanket ban on the domestic sale of beef and beef products from any *country* that had experienced a confirmed case of BSE. This was justifiable under the circumstances given the limited, albeit growing, scientific knowledge about the disease, particularly in relation to its infectivity within species and to humans.

There is now a vast body of international scientific evidence supporting a relaxation of this approach. As a result, all *Negligible BSE Risk* countries other than Australia, Iceland, Norway and Turkey have modernised their import policies in line with OIE guidelines. These guidelines focus on the status of the animal, rather than the country, from which the beef and beef products are derived and allow for trade in beef and beef products provided appropriate risk management mechanisms are in place in the exporting country.

Australia's primary supplier of imported beef, New Zealand, reportedly never imposed a blanket ban but rather relied on case-by-case analyses of import applications. In 2006 New Zealand modernised its import restrictions by adopting an approach consistent with OIE guidelines.

² http://www.oie.int/eng/normes/mcode/en_chapitre_1.11.6.htm

³ SRMs are listed in the OIE Terrestrial Animal Health Code 2009 as brains, eyes, spinal cord, skull and vertebral column

⁴ OIE Terrestrial Animal Health Code, Articles 11.6.10, 11.6.11 & 11.6.12

Importantly all countries that purchase New Zealand beef (including Australia) have continued accepting the integrity of New Zealand's BSE-free status.

Apart from Australia's policy being internationally inconsistent and risking retaliatory actions from trading partners, its application had the unintended consequence of risking the removal of all domestic beef and beef products from retail shelves should there be a case of BSE anywhere in Australia.

On 20 October 2009 the Australian Government announced its intention to implement from 1 March 2010 a more modern import-permit arrangement relating to BSE such that countries categorised as *Controlled BSE Risk* would be permitted to join *Negligible BSE Risk* countries in having applications considered if they wished to access the Australian market for their beef and beef products.

The new arrangements will require that that beef and beef products are to be derived from *animals* (not countries) free of BSE, with the onus of proof of a secure system being placed on the exporting country.

To quote from the media release issued jointly by Ministers Crean, Burke and Roxon and Parliamentary Secretary for Health, Mark Butler, on 20 October 2009:

The independent review of the scientific evidence ... indicates that it is possible to import beef from countries that have reported cases of BSE and maintain a high level of protection for the Australian public, provided the appropriate risk management mechanisms are put in place.

Professor John Mathews is an eminent scientist with 40 years' experience as an epidemiological researcher. His review was 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.

The new Australian policy is similar to OIE guidelines as adopted by other countries including New Zealand but with the added safeguard that Australia reserves the right for its authorities to inspect relevant export facilities and food-safety systems to verify food-safety-system claims. Through RMAC and other avenues, industry will be insisting that Government authorities exercise this right and, further, require the exporting countries' food-safety systems to deliver equivalent outcomes to those systems applied in Australia; this is particularly relevant for cattle identification and traceability mechanisms.

Countries assessed will be categorised as either: Category 1 (similar to OIE *Negligible BSE Risk*); Category 2 (similar to OIE *Controlled BSE Risk*); or Category 3 (countries that do not meet requirements of Category 1 or 2 or have not been assessed), with access for Category 3 countries being rejected on BSE grounds.

Industry supports the imported-food-policy setting being adjusted to a scientifically supportable risk-based assessment approach.

RESPONSES BY ISSUE

Following is a dot-point presentation of industry's response to particular issues of relevance.

Pre-emptive Removal of Specified Risk Materials

As part of their OIE conditions, countries that have experienced a BSE incident are required to remove Specified Risk Materials (SRMs) from the food chain. *Negligible BSE Risk* countries like Australia are free of this mandatory requirement. It has been suggested that Australia should adopt pre-emptive SRM removal rather than alter its import-policy settings.

- If Australia were to adopt this unnecessary measure, it would be adding millions of dollars in costs to the production chain and seriously disadvantaging our competitiveness against other *Negligible BSE Risk* countries who have not adopted such a practice.
- SAFEMEAT examined this matter in detail and concluded that “pre-emptive SRM removal cannot be justified at this time because:
 - it is highly unlikely that Australian beef and beef products will contain the BSE agent
 - significant concerns would likely be raised in the marketplace
 - a significant cost would be imposed on industry.”
- Some individual companies may wish to implement SRM removal on their plants; that's their prerogative.
- Under the existing policy, pre-emptive removal of SRMs would fail to address the risk of all beef and beef products being removed from Australian shelves should there be a case of BSE in this country.

Health status of imported beef and beef products

- To access the Australian market, applications must be made by potential foreign suppliers. These will be assessed individually and on merit, taking into account *all* of Australia's requirements under existing protocols.
- This policy change is BSE-specific, meaning there will be no change to Australia's other import protocols having to be met, including those relating to exotic diseases like Foot & Mouth Disease.
- All countries applying to export to Australia will have their animal-health and processing systems assessed. These assessments will be based on requirements that relate to a wide range of factors such as food safety, animal health, surveillance, feeding and slaughter practices. Industry will be insisting these systems deliver equivalent outcomes to the systems operating in Australia.

Future import volumes

- Imports will only be by application and rigorous assessment.
- In the five years prior to the ban being imposed, the US for example shipped an average of 34 tonnes of beef per year to Australia. This compares with Australia's annual exports to the US of 280,000t and to the world of 968,000t (2008-09).
- In the years 1990 to 2004 imports by Australia from all countries reached a maximum in any one year of 4,700t, mostly from NZ.
There is no reason to believe this policy change will dramatically affect these import levels.
- The A\$ is high but even so US prices for Choice cuts of tenderloin, striploin, ribeye and rump are currently on par or slightly higher than Australian MSA prices for the equivalent cuts. Freight to Australia would add to landed costs.
- Australia competes effectively on price with the US in major markets throughout the world.

Australia's clean image and Negligible BSE Risk status

- Major beef-trading countries around the world now recognise modern science relating to BSE and have adjusted their trade rules accordingly. New Zealand for example, which holds a similar clean image to Australia's, modernised its rules nearly three years ago.

To quote from the NZ Food Safety Authority's announcement of February 2007:

The old measures, in place since 1996 and adopted internationally as well as by New Zealand, reflected a precautionary approach which was taken during a time of uncertainty. ... However, in the intervening years much has been learned about BSE and the risks to human health which has increased our understanding and virtually eliminated the risk of consumers contacting vCJD.

NZ is as secure in its clean image as ever, with Australia continuing unabated to import its beef and beef products, albeit in low volumes.

- Australia's requirements will be stricter than those advised by OIE in that in-country inspections will be conducted when necessary.
- This policy adjustment will not affect our existing *Negligible BSE Risk* status by the World Organisation for Animal Health (OIE); Australia will remain more favourable than a number of our competitors such as the US and Canada that are *Controlled BSE Risk* countries.

Australia's access to overseas beef markets

- Other *Negligible BSE Risk* countries have modernised their import policies along similar lines with no evidence of detrimental impacts on their trade levels.
- Under strict guidelines the US, Japan and Korea, being three of our major beef markets, allow beef imports from countries that have had cases of BSE.
- Maintaining Australia's 'zero risk' BSE policy would increase the potential for the imposition of reciprocated zero-risk trade barriers by other countries against Australian beef exports in the unlikely event of an incident in this country. Given our export orientation (65% of Australian beef production is exported) the financial impact would be huge.

Consultation

- The extent of consultation was a Government matter.
- RMAC was informed late on Friday 16 October, four days prior to the announcement.

Industry's involvement in the decision

- Industry's position in support of this policy being reviewed against sound scientific principles has remained unchanged for four years.
- In response to Government requesting industry's policy on this matter, RMAC wrote to Ministers Burke, Crean and Roxon on 18 September 2009. The formal policy positions of Cattle Council of Australia, Australian Meat Industry Council and Australian Lot Feeders' Association were appended to the letter.

Influence from overseas

- For some years Government has been requested by overseas countries to review this policy.
- Recent indications of possible WTO action have brought the matter to a head. Canada is taking Korea to the WTO over its ongoing ban against Canadian beef imports and has reportedly put Australia on notice of similar action should the policy remain unchanged. This message has been conveyed to industry via the Federal Government following various international meetings and directly to industry representatives who recently visited the EU.
- Given the scientific knowledge of the disease and the negligible risks of infection, overseas countries believe Australia has retained an unjustified non-tariff trade barrier, particularly given that *Controlled BSE Risk* countries like the US are now exporting into some of the most BSE-sensitive markets in the world e.g., Japan and Korea.

Scientific justification

- Professor John Mathews' report entitled *Review of Scientific Evidence to Inform Australian Policy on Transmissible Spongiform Encephalopathies*, on which the Government decision was based, was peer reviewed by a scientific group under the National Health and Medical Research Council.
- Professor Mathews lists 101 reference documents in the bibliography of his report; this is reflective of the large body of scientific evidence now available to policy makers worldwide.
- Professor Mathews' findings are consistent with a multitude of scientific reports around the world supporting such an approach.
- Australia's Chief Medical Officer, Jim Bishop, has stated publicly: "...better testing would allow beef to be traded safely ... [This policy change] now brings Australia into line with countries such as the US, Canada and New Zealand to assess each country on a case-by-case basis".
- OIE reports a dramatic reduction in BSE incidents around the world⁵:
 - at its peak in 1992, 37,280 cases in the UK alone
 - in 2001, 831 cases worldwide (plus 1,202 in the UK)
 - in 2008, 88 cases worldwide (plus 37 in the UK)
 - so far in 2009, 11 worldwide (plus 7 in the UK).
- Early predictions (in 1988-92) of over 150,000 human deaths from new variant Creutzfeldt-Jakob Disease (the so-called human form of BSE) have proved grossly excessive, with confirmed cases totalling between 192 and 208⁶.
- Following the first and only case of classic BSE in the US (found in a non-indigenous animal), over 800,000 at-risk animals (i.e., old and downer animals) have been tested with only two a-typical cases of BSE found⁷.

Long-term effects on Australia

- Under the old (existing) policy, if Australia were to be affected by an unlikely single case of BSE the results would be devastating for the sector and the economy:
 - *all* beef could be removed from *all* domestic shelves at enormous expense, crippling the industry, and
 - foreign markets could reciprocate by locking Australian product out without scientific justification or could be afforded compensation arrangements through the WTO at great expense to Australia. Around two-thirds of our beef production is exported, making this a critical issue.

Pressure from multinational companies in Australia

- Industry's policy is consistent across all sectors, from the producers to the processors.
- Industry's policy position is based on scientific evidence.

⁵ OIE: http://www.oie.int/eng/info/en_esbmonde.htm

⁶ Pers comm, David Palmer

⁷ Pers comm, David Palmer

CONCLUSION

The Federal Government's decision to modernise Australia's import policy as it relates to beef and beef products is scientifically justifiable and supported by industry. Until this change, Australia stood out from the international trading community as having an outdated policy developed at a time when scientific knowledge was significantly less than it is today.

With the rigorous application of the new rules Australia will continue being recognised as a *Negligible BSE Risk* country and enjoying the level of trade this has traditionally brought.

Industry supports the Government's decision and will insist on it exercising its right for in-country inspections to ensure the supplying countries' systems deliver equivalent outcomes to our own.

Accordingly, and given the historical data regarding beef imports and the dramatic decline in BSE incidents around the world, industry is comfortable that the current arrangements will have little if any future impact on beef producers and consumers into the future.

