



AUSTRALIAN LIVESTOCK
EXPORTERS COUNCIL

Australia-UAE CEPA Coordinator
Middle East FTAs Branch
Regional Trade Agreements Division
Department of Foreign Affairs and Trade
RG Casey Building, John McEwen Crescent
Barton ACT 0221

2 May 2022

By email: UAECEPA@dfat.gov.au

Re: Priorities for an Australia – United Arab Emirates Comprehensive Economic Partnership Agreement (A-UAE CEPA)

The Australian Livestock Exporters' Council (ALEC) is a member-based, peak industry body representing Australia's livestock export sector which contributes over \$1 billion in export earnings annually while employing 13,000 mainly regional Australians. ALEC provides strategic direction to the industry, sets industry policy, and represents Australia's livestock export trade in Australia and internationally.

ALEC members account for more than 96 per cent of Australia's annual livestock exports, by volume and value. ALEC's membership also extends to supply chain participants including registered premise operators, ship owners, feed suppliers and other service providers to the trade.

ALEC welcomes the opportunity to submit comments on the live export sector's priorities for Australia's trade negotiations with the United Arab Emirates (UAE). The priorities raised in this submission apply similarly to other members of the Gulf Cooperation Council (GCC) including Kuwait, Qatar, and Oman.

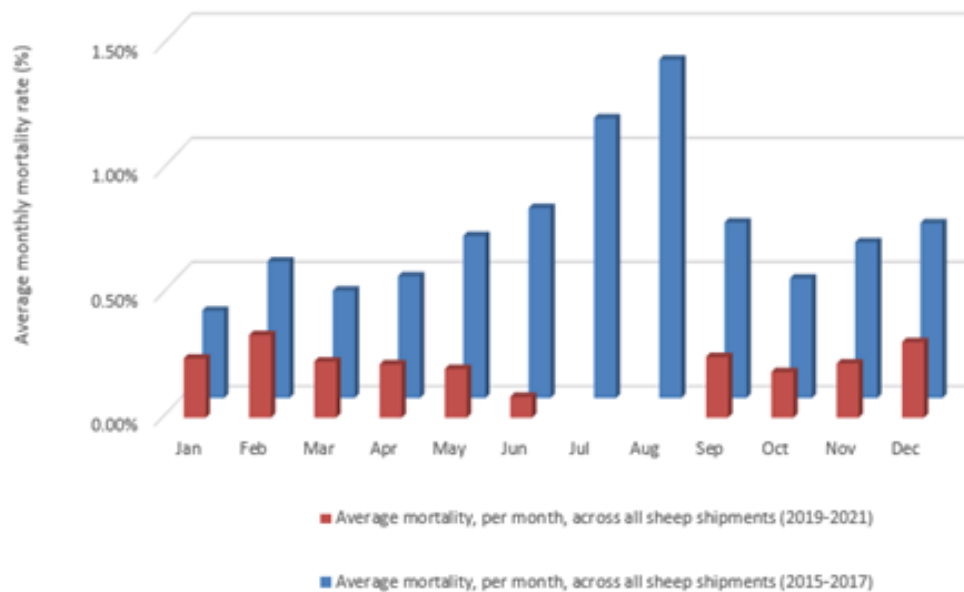
In the 12 months to the end of February 2022, Australia exported just over 81,000 sheep to the UAE, the second largest destination market for live sheep by volume (nearly 13 per cent of all live sheep exports). Kuwait is the largest market (around 400,000 live sheep were exported from Australia to Kuwait over the same period). These markets have steadily declined since the early 2000s, however, live exports to the Middle East remain of crucial importance to the fortunes of the Australian sheep industry, particularly for Western Australia.

Since 2018, industry self-imposed a moratorium on the export of live sheep, following a distressing voyage in late 2017 with very high mortalities. The industry-led moratorium has since been enshrined in regulation and applies every year during the northern hemisphere summer. The industry and its regulatory framework have also undergone significant change over the last four years, delivering exemplary animal welfare performance.

As a result, the average sheep mortality percentage has drastically declined year-round as shown in the graph below (see **Figure 1**) – overall, annual average mortality is now around one quarter of what it was in 2018.

Additionally, no reportable mortality incidents have occurred since 2018 (voyage mortalities exceeding one per cent) and mortality rates on live sheep voyages compare favourably to domestic extensive and intensive livestock operations as well as domestic transport.

Figure 1: Average monthly sheep mortalities on voyages to the Middle East



Our key trading partners rely on Australian livestock imports for their food security on top of their own economic recovery. Australian livestock imports also support local demand for Australian sheep meat – livestock and boxed meat imports are highly complementary. The UAE is a key trading partner in Australia’s national interest and their strategic importance will continue to increase. The importance of Australian livestock imports to the UAE and Kuwait is evidenced by the GCC’s common zero applied tariffs on Australian livestock imports (and periodic subsidisation of imports by some GCC members).

Both the UAE and Kuwait are interdependent markets, with voyages commonly discharging livestock in both countries which is fundamental to the economics of the live sheep trade.

Despite impeccable animal welfare performance since the initial moratorium, the regulatory prohibition period is to be extended for destinations in the Arabian Gulf and additional conditions have been applied to exporters to manage heat stress risks, including restrictions on the types of vessels that can be used, the types of livestock that can be exported and where they can be sent, which restricts the ability of exporters to engage in multi-port voyages.

The live export industry has also recently seen a dramatic escalation of regulatory costs and these cost increases are forecast to continue. In the 2021-22 cost-recovery implementation statement (CRIS), the Department of Agriculture, Water and the Environment (DAWE) estimates a regulatory cost base of around \$22 million (\$13.7 million in charge-related activities and \$6.7 million in fee-related services). This is not sustainable and compromises Australia’s ability to supply the UAE and other GCC members.

The increase in regulatory costs has a detrimental effect on competition in the livestock export industry. This is due to few companies, if any, being able to absorb the proposed additional regulatory costs.

Ultimately, these costs are akin to the Australian Government applying both an export tax and a non-tariff barrier on the export of Australian livestock. It is anti-competitive, particularly for an export focused nation, and the cost is borne all the way along the supply chain, impacting Australia’s international competitiveness, and the price able to be paid to Australian producers. In the current

COVID-19 period, certainty of trade and market access security are critical for Australia's economic recovery.

While Australian livestock exporters have good market access (both in terms of tariffs and technical market access), the imposition of inefficient and excessive regulation is a clear irritant to the UAE. Therefore, ALEC recommends that the Department of Foreign Affairs and Trade consider the inclusion of a side-letter or memorandum of understanding (MoU), as a formal attachment to any proposed A-UAE CEPA.

The side-letter or MoU should specify that affected entities (industry and Government) in the UAE are to be consulted meaningfully and in good faith by the Australian Government on any changes to Australian shipping and trading regulations that affect the livestock trade between both countries. This should be presented as a mechanism to provide the UAE, and other GCC members, with a formal opportunity to raise issues with DAWE (and any other relevant Commonwealth agencies) and reduce the irritation felt by our trading partners. It can also be used in the negotiations as a potential means to improve market access for other Australian agricultural commodities.

Thank you for the opportunity to provide comment on our priorities for trade negotiations with the UAE. Please do not hesitate to contact me at ceo@livexcouncil.com.au or on 0400 980 452 should you wish to discuss further.

Yours Sincerely



Mark Harvey-Sutton
Chief Executive Officer
Australian Livestock Exporters' Council

