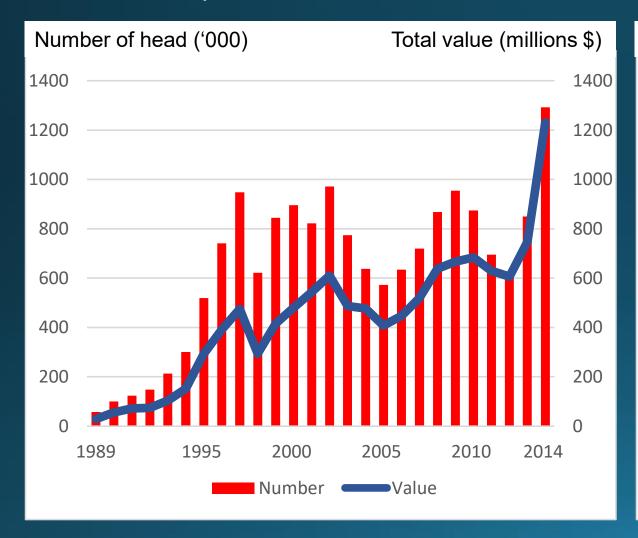
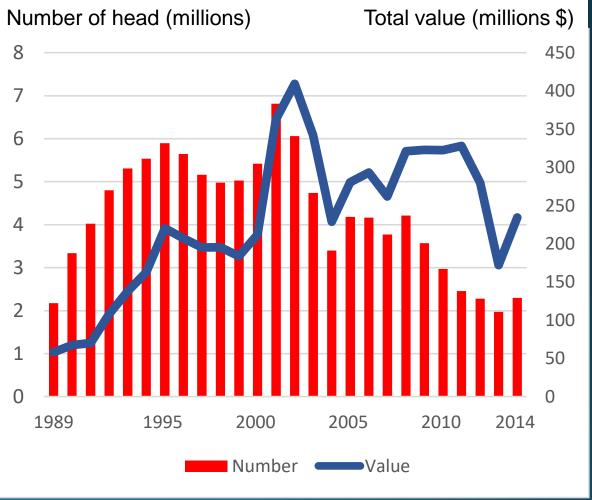
The competitiveness of the Australian livestock export industry

Growth in Australian live cattle & sheep exports

Live cattle exports

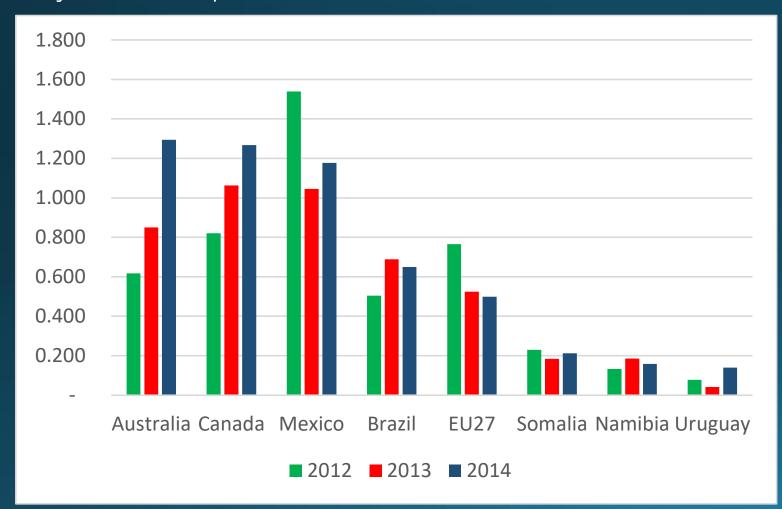


Live sheep exports

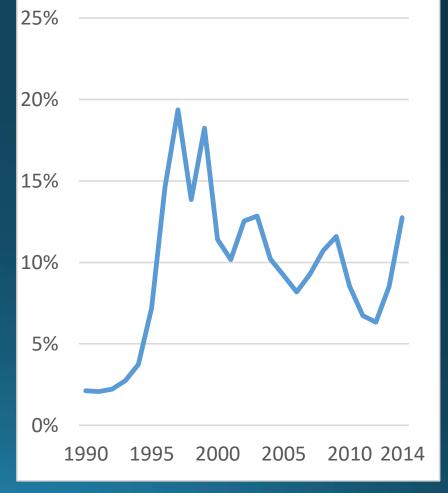


Australia one of the world's top live cattle exporters

Major live cattle exporters (million head)

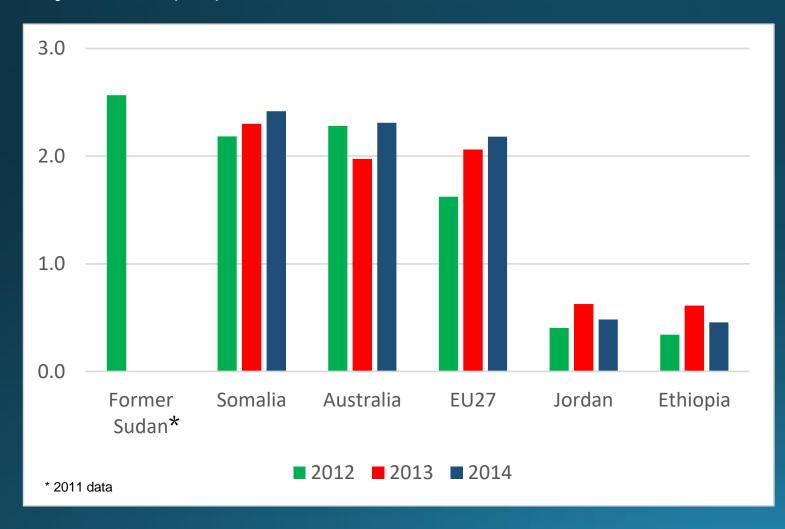


Australia's share of world trade

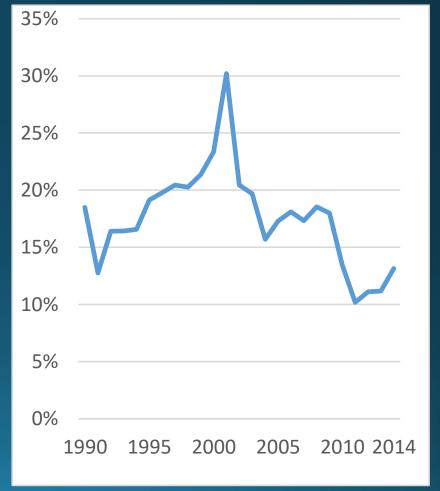


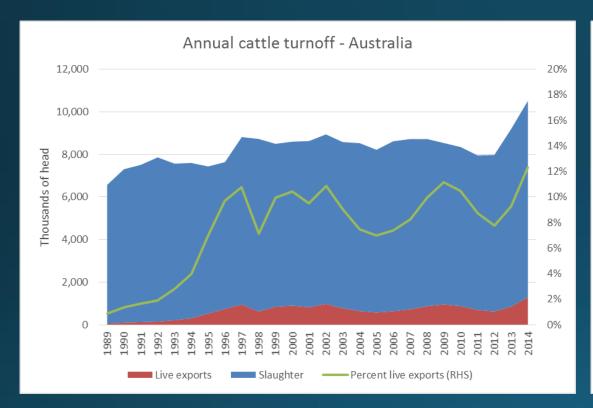
Australia also one of the world's top live sheep exporters

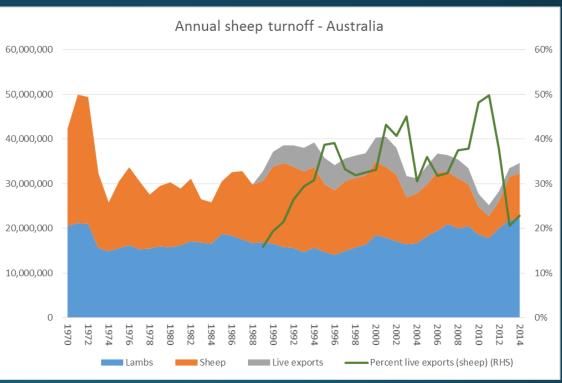
Major live sheep exporters (million head)



Australia's share of world trade







Live exports typically account for 8-10% of Australian cattle turnoff, and between 30-40% of Australian sheep turnoff (excluding lambs)

Factors driving Australia's competitiveness

Global livestock competitiveness

 Australia has the right livestock product at competitive prices – Bos Indicus blood for Asian markets, dairy heifers for China, merino and fat-tail sheep for Middle East.

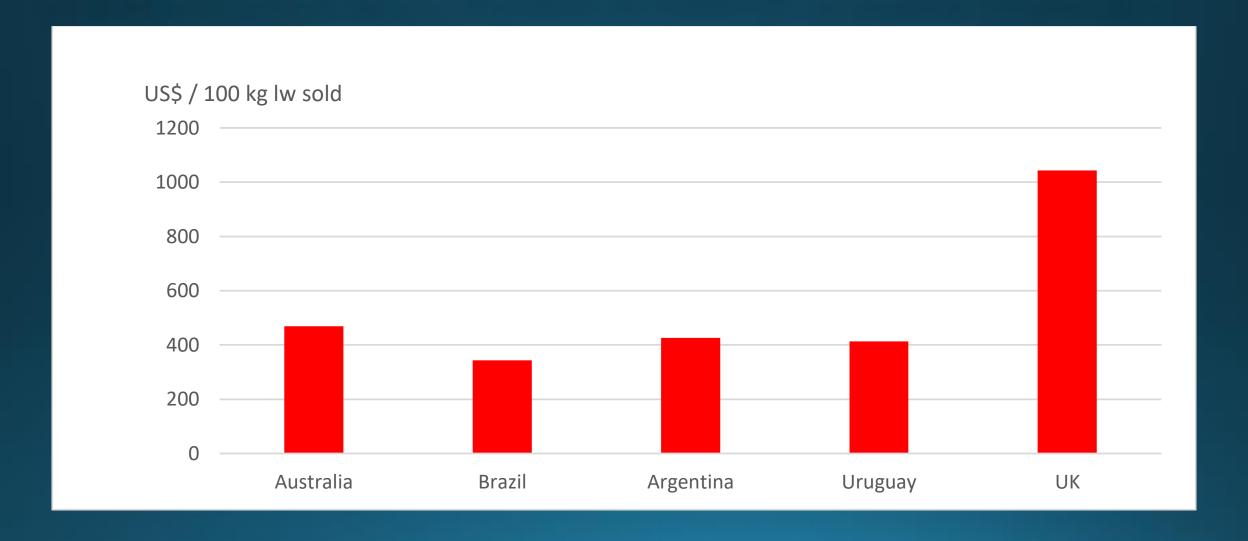
Agri benchmark—worldwide coverage



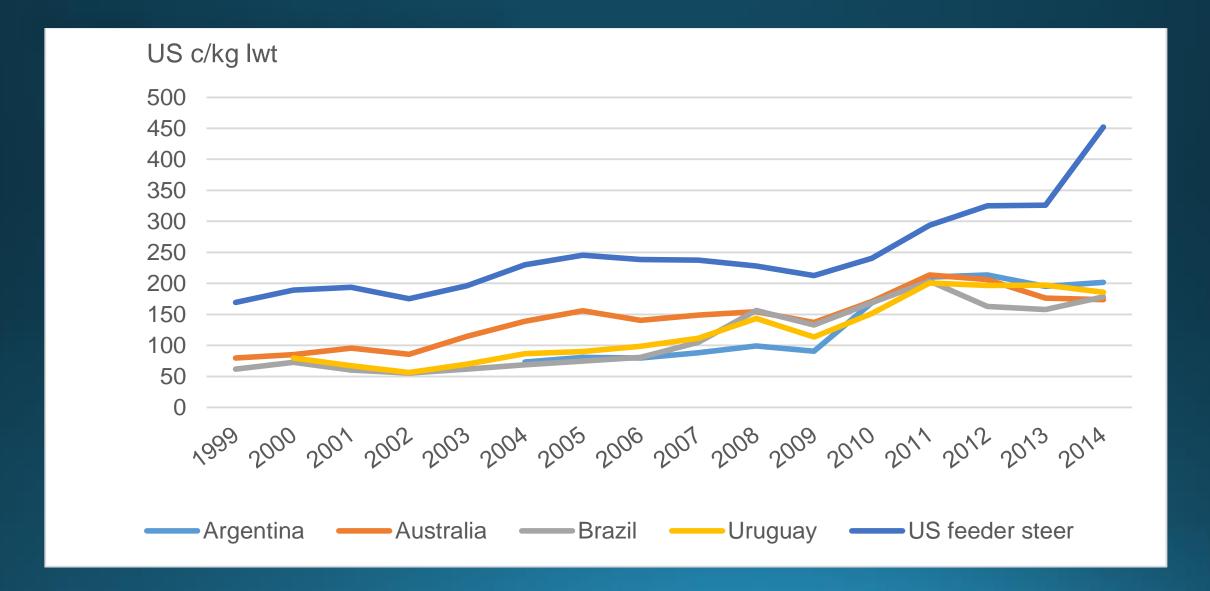
Cost of cow—calf production in various countries



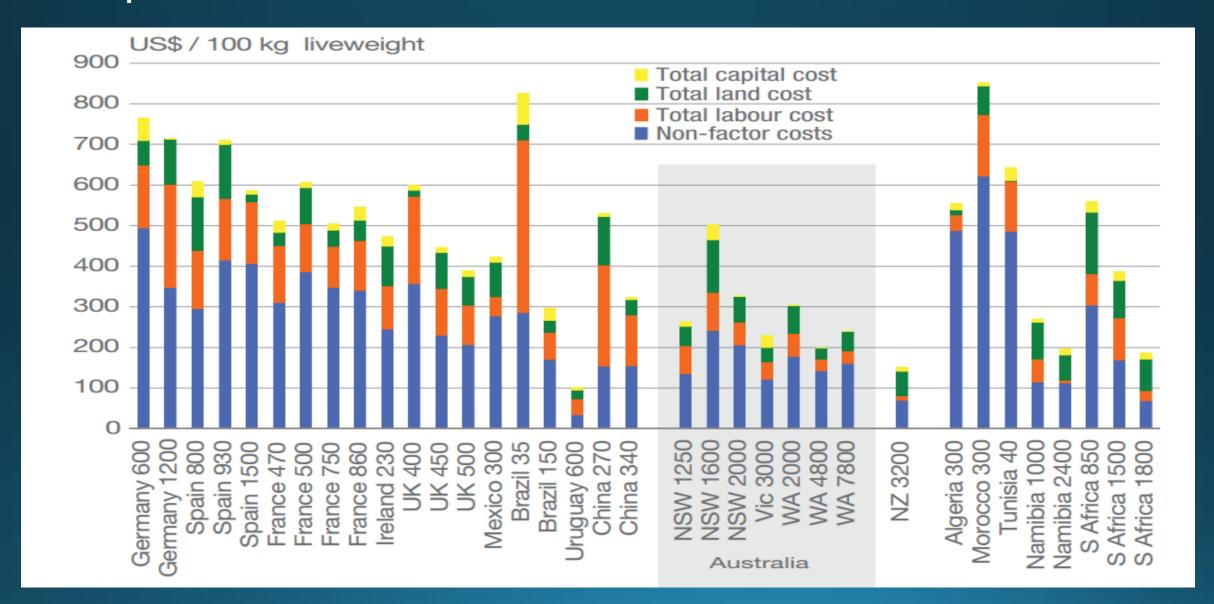
Long run costs of production in pasture finishing systems



Australian cattle prices more competitive than North America, similar to South America



Like cattle, Australian sheep costs are also world competitive

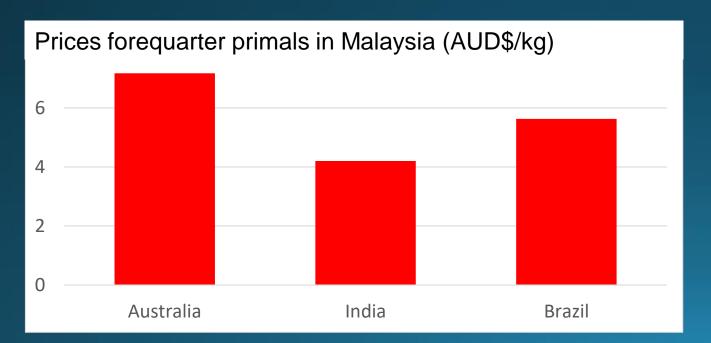


Global livestock competitiveness

- Australia has the right livestock product at competitive prices Bos Indicus blood for Asian markets, dairy heifers for China, merino and fat-tail sheep for Middle East.
- Australia a global leader in livestock biosecurity unparalleled market access.
- Proximity to growing markets
- Genetic quality of Australian livestock widely recognised.
- Coordinated provision of industry & exporter services to overseas customers

Unparalleled market access due to freedom from major diseases

- Australian meat & livestock accepted worldwide
- Australian meat & livestock products exported to over 150 countries in 2014
- MISP 2020 placed the value of Australia's integrity systems at \$2.8 billion













Proximity to market

- Close to growing Asian markets
 - Cost of shipping cattle from Brazil 3-5 times higher than from Darwin: \$140 / head Darwin to Indonesia, \$450 / head Brazil to Indonesia
- Shipping capacity and capability









Livestock performance

- Fit and healthy livestock
- Wide range of breeds
- Potential to perform well
- Adaptable to environment
- Weight gains respond to feeding
- Produce high yielding meat
- Breeding capacity











Provision of services

- Export culture pervades the Australian industry
- Responsive to importers requests for particular livestock
 - certain PICs, districts, regions
- Committed to supply once contracted
- Provide in-market after sales service
- Assistance in preparing importer/supply chain for imports – eg assisting compliance to ESCAS
- Provide technical expertise and know-how in livestock management in tropical as well as temperate environs



Competitiveness threats

Hype over Australian agriculture



UN: farmers must produce 70% more food by 2050 to feed population

'Food can fill mining hole'

Coles boss John Durkan says he "low growth future" as the plum

called for immediate action to cut spending to protect the economy shrink the deficit and protect liv

fresh produce market. We have a

Rural property revival

Chinese beef giant wants \$100m or

MATTHEW CRANSTON

04 May, 2015 07:25 AM 🖨 A+ A-



Australian cattle stations are in demand, as Chinese beef business grows to 10pc of global output.

ONE of China's largest beef producers, Chongqing Hondo Agriculture Group, is looking to buy up to \$100 million worth of cattle stations in Australia within the next year.





AUSTRALIA IN THE ASIAN CENTURY



White Paper October 2012









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dairy deal

Chinese property crackdown 'racist'

China's slump lifts dairy

Demand for food generally and meat is predicted to slow

Rate of growth of increase in global food demand

Years	Increase (CAGR %)		
1961-70	2.7%		
1971-80	2.2%		
1981-90	2.1%		
1991-00	1.7%		
2001-10	1.6%		
2911-20	1.2%		
2021-30	1.0%		
2031-40	0.8%		
2041-50	0.6%		

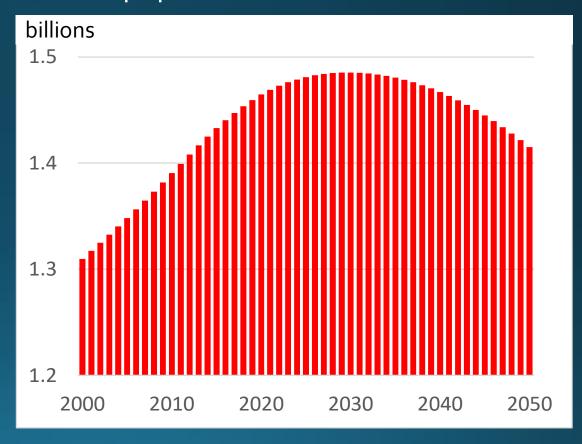
Rate of growth of increase in global meat demand

	Compound Annual Growth Rates				
	1971 to 2007	2007 to 2030	2007 to 2050		
Bovine	1.2%	1.3%	1.2%		
Ovine	2.0%	1.6%	1.5%		
Pig meat	2.9%	1.2%	o.8%		
Poultry meat	5.0%	2.1%	1.8%		
Total meat	2.8%	1.5%	1.3%		

Food demand is slowing because the rate of growth of the world's population is slowing

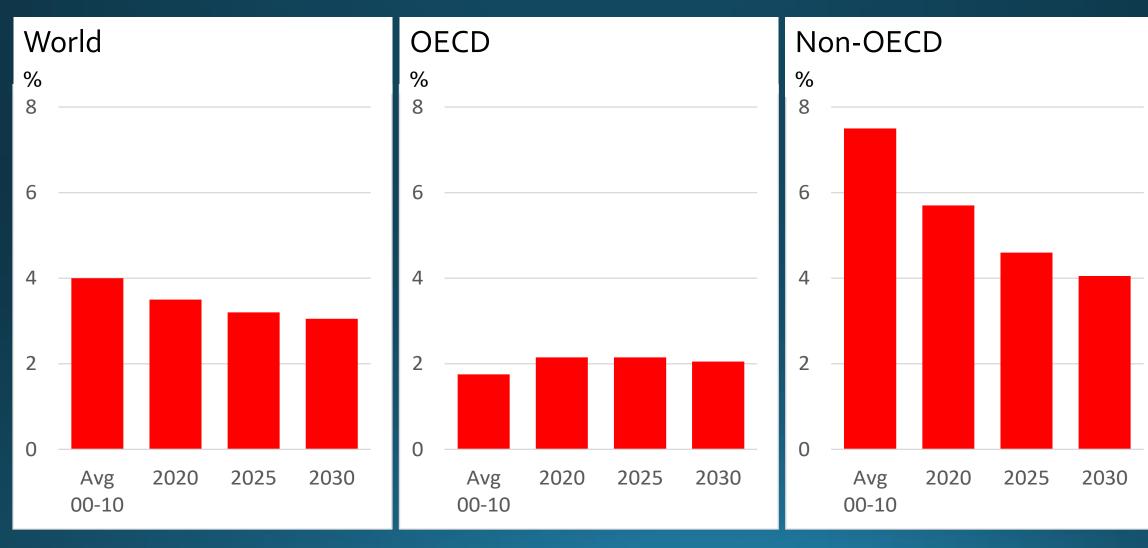
Years	World population growth (%)*
1950-1975	62%
1975-2000	55%
2000-2025	41%
2025-2050	29%

Chinese population to decline



Source: UN population projections

Food demand is also slowing because the rate of growth of the world's GDP is slowing



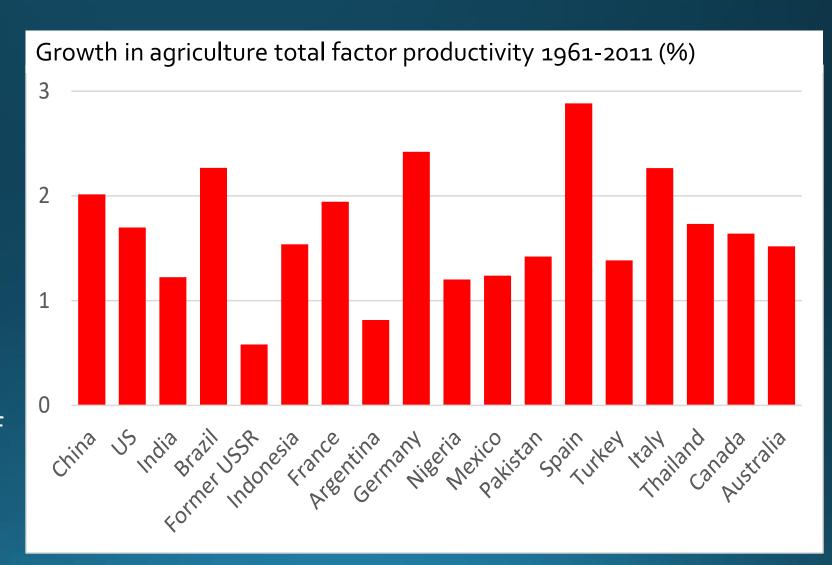
Source: OECD Medium and long-term scenarios for global growth and imbalances

The increase in world food production required to meet anticipated demand lies within levels historically achieved

To meet the increase in demand with fixed resource input requires increases in productivity of:

- 1% p.a. for agriculture generally
- 1.4% for the meat industries

Increases greater than these have been achieved historically - & show no sign of slowing up



Some caution is warranted



'Food can fill mining hole'

Coles boss John Durkan says he a "low growth future" as the plum

called for immediate action to cut fresh produce market. We have a spending to protect the economy shrink the deficit and protect liv-



Chinese beef giant wants \$100m or

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White Paper October 2012











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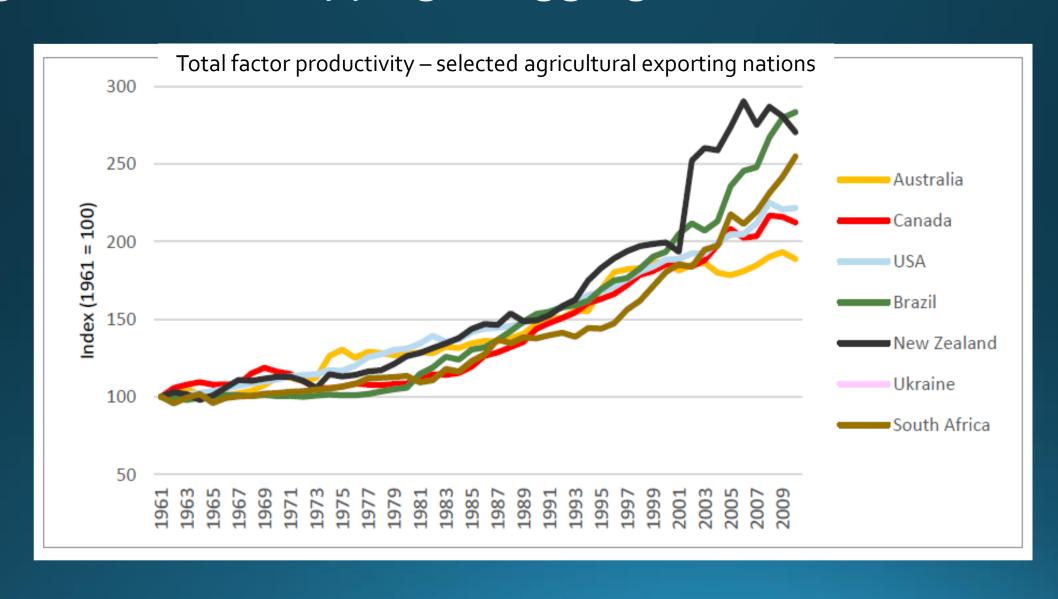
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dairy deal

Chinese property crackdown 'racist'

China's slump lifts dairy

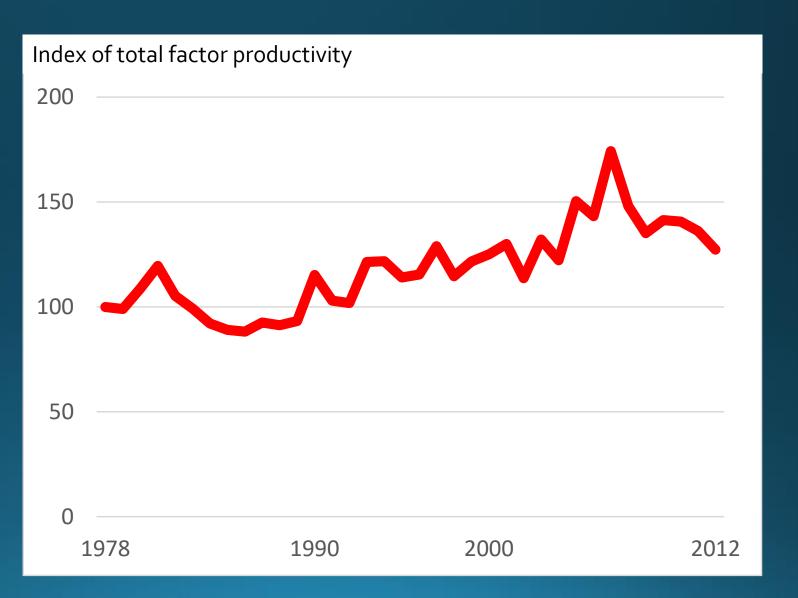
A concern is that productivity growth rates in Australian agriculture are slipping & lagging the rest of the world



Productivity growth in the Australian cattle producing industry has been softening

Rates of productivity growth in the Australian beef industry:

- 1978-2013 1.3%
- 1988-2000 1.9%
- 2000-2012 0.7%

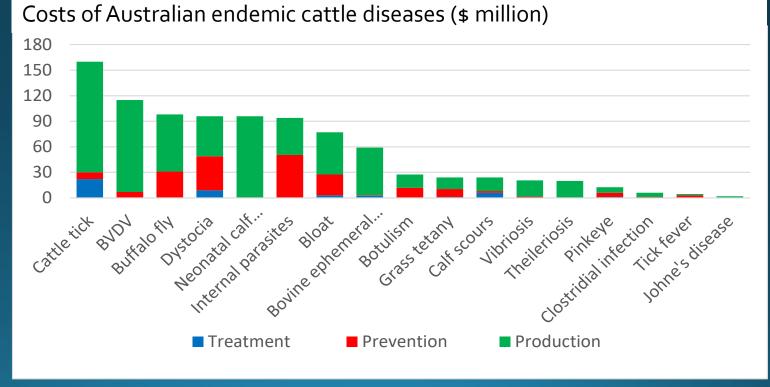


Research & development needed to continue to drive productivity improvements

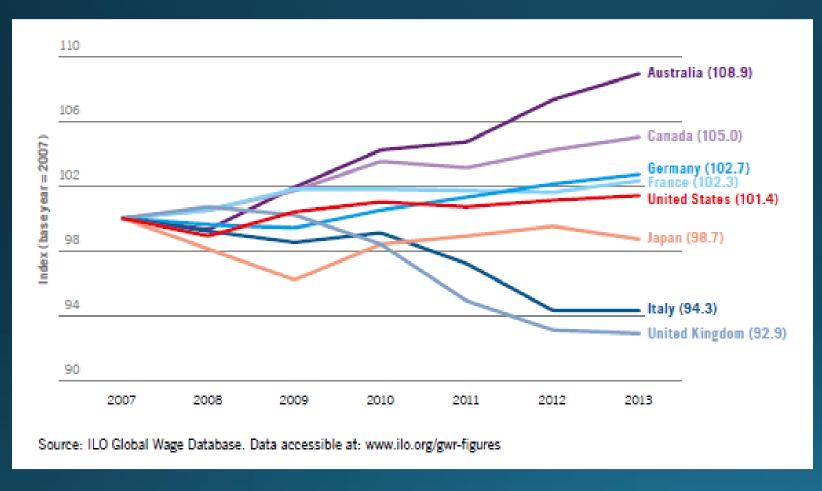


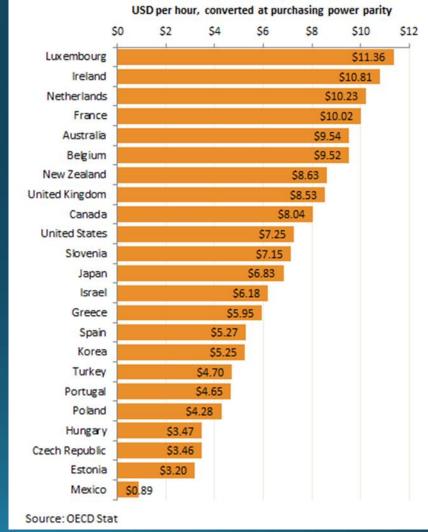






Australian wage costs





'Horrific' costs hold back farming Global Food Forum told

THE AUSTRALIAN . APRIL 16, 2015 2:09PM

















HIGH operating costs and labour shortages are the biggest challenges facing Australian agriculture, industry leaders warned yesterday, with companies looking to set up more offshore processing operations to save money.

Dairy, beef and nut industry leaders told *The Australian's* Global Food Forum that "horrific" operating costs needed to be addressed for Australia to take full advantage of growing - demand from Asia.

Brent Eastwood, the chief executive of the biggest meat processor, JB Swift Australia, said processing costs for boxed beef were between one and a half and three times higher than in competing nations such as New Zealand, the US and Brazil, JB Swift's home market.

"The labour costs are massive, utility costs, infrastructure costs ... red tape, country restrictions. All these things cost, and unfortunately in this sector ... the farmer ultimately takes the hit for that," Mr Eastwood said.





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HOME ▶ HEADLINE ▶ AUSTRALIAN MANUFACTURING IS UNCOMPETITIVE UNDER CURRENT WAGE STRUCTURE SAYS TEYS CHIEF

Australian manufacturing is uncompetitive under current wage structure says Teys chief

Posted about 2 years ago | 0 comment

Teys Australia's chief executive says the wage structure of the manufacturing industry belongs to another era.

"Many in the industry still operate in tally-type systems that were invented when the shearers stood around the 'Tree of Knowledge' at Barcaldine," says Brad Teys, chief of the Brisbane-based meat processor in an interview published on ABC Rural.

Teys' sentiment, that the cost of labour makes the country uncompetitive, is the recurrent theme in the Australian food industry. This follows Simplot's announcement last week



Higher costs in the Australian supply chain

- Processing costs Australia is
 - 2.4 times higher than the US
 - > 3.0 times higher than Brazil
 - > 1.5 times higher than New Zealand
- Wages skilled boner
 - Australia: \$30/hour plus 40-42% on costs = \$43/hour
 - US: \$15/hour plus 20% on costs = \$18/hour
 - New Zealand: \$16/hour plus 25% on costs = \$20/hour
 - China: \$5/hour





- Much of Australia's local road network is in poor condition, particularly in rural areas (Engineers Australia 2010a)
- CSIRO has estimated of transport cost savings to the industry of 20% or more arising from possible road infrastructure improvements identified by industry
- Port congestion has also been identified as an efficiency inhibitor – e.g. in Perth adding \$10 costs per head of cattle shipped & \$1 per head of sheep

Poor roads slice beef's potential

MELISSA AISTHORPE

14 Oct, 2015 02:46 PM 🖨 A+ A-



Beef production is
Australia's most
extensive and
geographically
dispersed agricultural
activity

THE poor condition of rural roads and other transport challenges are hindering the ability for parts of Australia's beef supply chain to respond to increasing global demand.

It's an observation that's probably no surprise to many cattle producers dealing with woeful roads on a daily basis.

But a new report released today from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) has put

RELATED

EYCI tumbles to 542.75c/kg

Cattle quota in Indonesia's hands

Record cattle turn-off continues



ESCAS cost

Species	Transport method	High	Low	Mode*
Cattle	Sea	\$45.00	\$8.00	\$9.00
Sheep	Sea	\$0.77	\$0.77	\$0.77
Sheep	Air	\$14.00	\$10.00	\$13.00
Goats	Air	\$14.00	\$10.00	\$13.00

Note: The mode represents the number that was represented most often in the sample.

Source: Meat & Livestock Australia 2014.

Some other matters

Need to guard against threat of exotic disease outbreak



- Annual probability of an FMD outbreak estimated at 0.5-2.0%
- 2001 FMD outbreak in the UK cost in excess of \$A 19 billion
- 2003 US Mad Cow disease outbreak cost US beef industry \$US 16 billion over ten years
- Outbreak of FMD in Australia estimated to cost \$A 55 billion over 10 years (multistate incident)





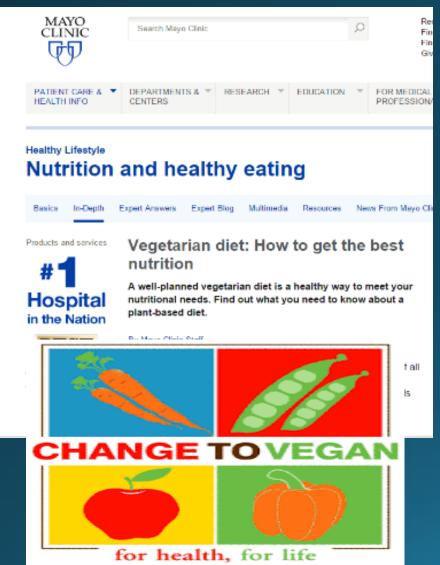
Community support?

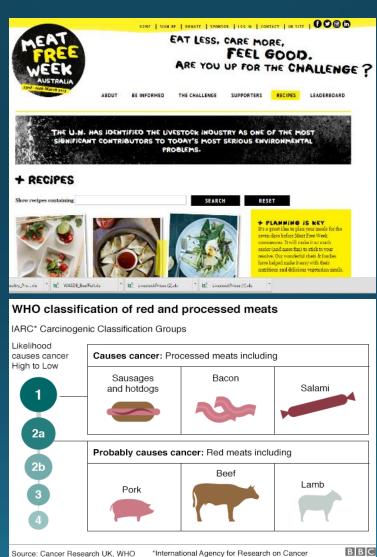


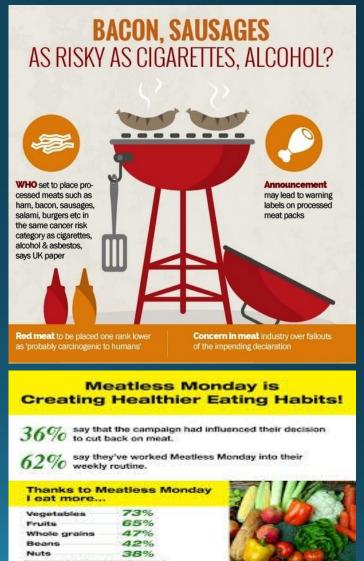


SEE THE REAL STORY ABOUT LIVE EXPORTS.

Diet and health trends



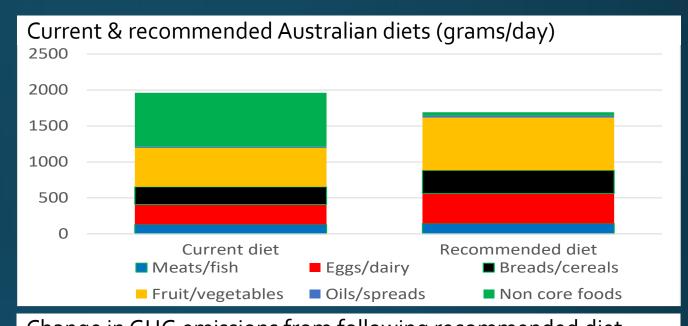


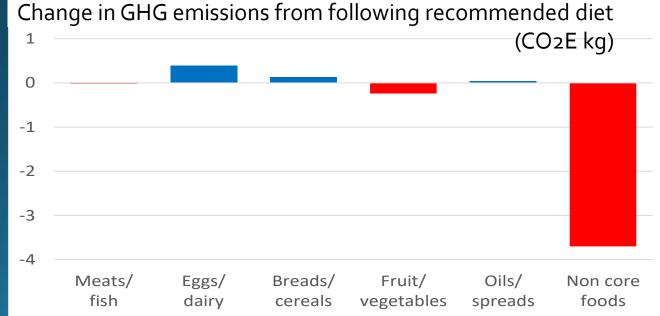


Environmental issues



WHAT DOES IT TAKE TO GET PROTEIN ON YOUR PLATE? Click on Grain, Land or CO₂ to see the surprising impact of 1 kg of protein. GRAIN LAND LAND CO₂ Source: ucsusa.org CHICKEN BEEF MUTTON PORK TOFU UP NEXT: The New Wave of Culinary Creativity





Concluding observations

Summary

- The Australian live export industry is self evidently extremely efficient & world competitive
- This competitiveness is based on:
 - > Efficient production of livestock in Australia
 - > Unrivalled access to world markets due to disease freedom
 - Proximity to growing markets, especially in Asia
 - ➤ Quality of livestock & services provided by exporters & by industry
- Competitive challenges include:
 - Maintaining historical rates of productivity improvement in cattle & sheep production
 - > Tackling inefficiencies in the off-farm supply chain in Australia
 - Maintaining community support, disease freedom & market access

Thank you!









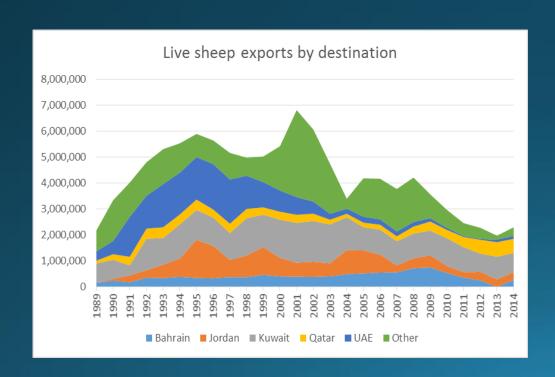


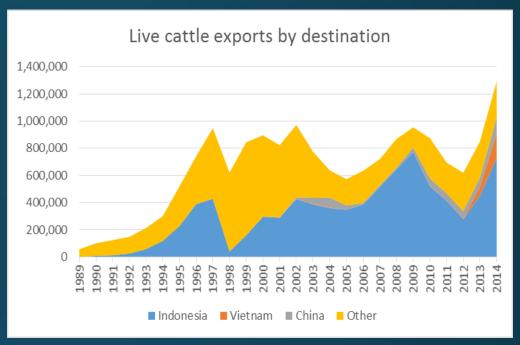


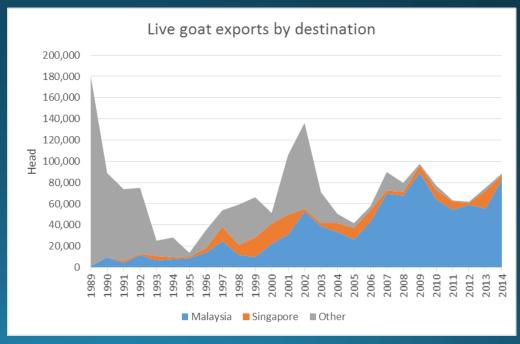




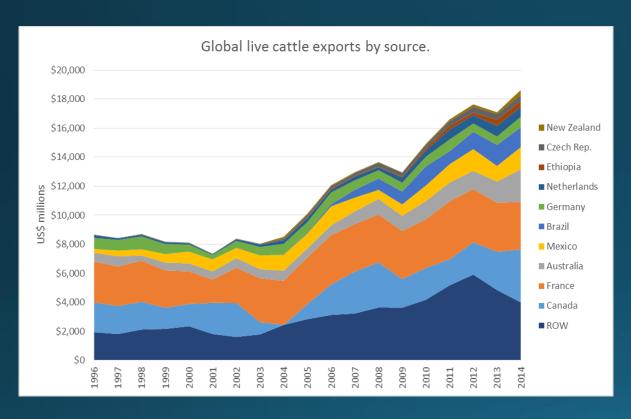
Australian live export destinations.

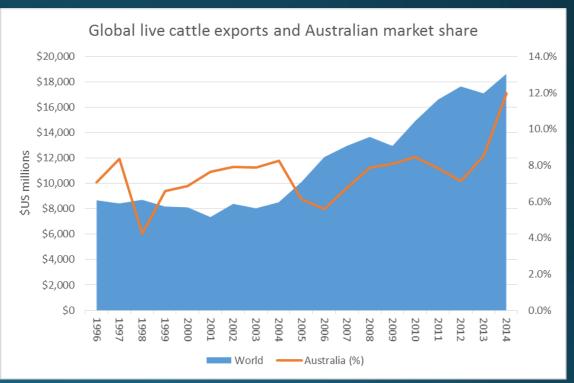






Global live cattle exports

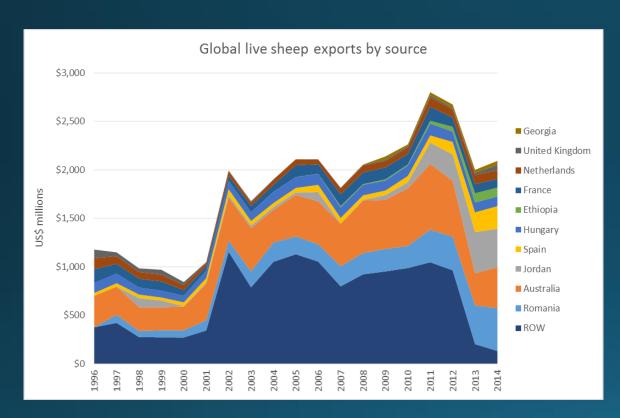


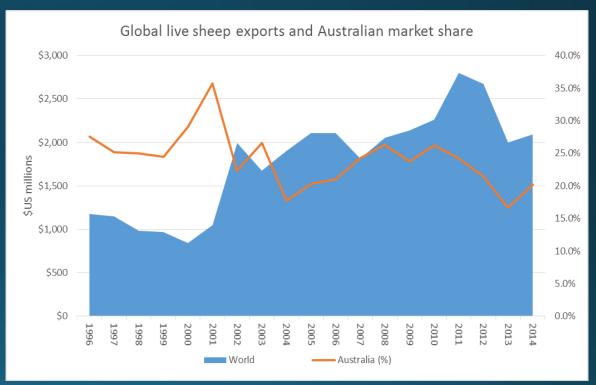


Growing market and growing competition – Canada, Mexico, France, Brazil

Australian market share gain in 2013-14 with recovery of Indonesian market, lower \$A

Global live sheep exports





Live sheep supply sources becoming more diverse, including Eastern Europe, Africa.

Australian market share shrinking due to reduced flock size, high \$A, and low wool profitability.

Domestic market competitiveness

1985 2010





Live exports a viable alternative to domestic processing, as domestic processing has declined.

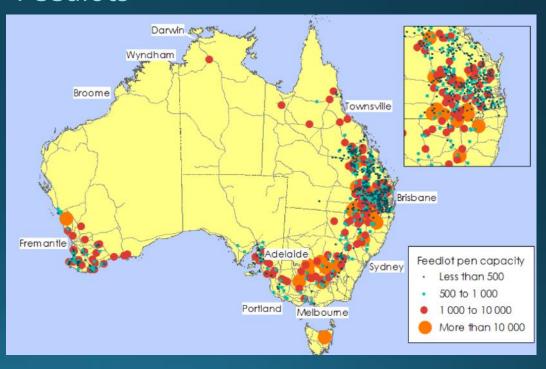
Inability to reliably finish cattle in northern Australia a major challenge for domestic processors.

Processing and finishing capacity

Beef abattoirs



Feedlots



Source: ABARES, 2015

The beef sector » Animal health

Brazil has become a major player in beef export in the past decade. Despite of selling abroad only 20% of national beef production, export is very important for the country, both for the income and for the large number of work posts created over the whole production chain.

Among the sanitary-based barriers that affect beef exports in the world, two of them are most relevant to Brazillian beef exporters and producers: BSE (Bovine Spongiform Encephalopathy or "Mad Cow Disease") and FMD (Foot and Mouth Disease).

Brazilian government has a specific program for eradication of FMD. The PNEFA - National Program for Eradication and Prevention of Foot and Mouth Disease is approaching its objective year by year: Make Brazil a country 100% free of FMD.

According to OIE (World Organization for Animal Health), Brazil's risk status for BSE is "Negligible", the safest of all.

Foot and Mouth Disease

Brazil, under coordination of Ministry of Agriculture (MAPA) and counting on State Veterinary Services and the production sector keep fighting against FMD to eradicate it. The PNEFA has as a main strategy the progressive implementation and maintenance of the free zones, according to the quidelines established by the OIE - World Organization for Animal Health.



Comment Period For Brazilian Beef Import Rule Ends Friday

Rule change would allow import of some fresh-cut, chilled or frozen Brazilian beef; Producers have FMD concerns

Somalia registers record exports of 5 million livestock in 2014

Long-term sector investment boosts country's trade with Gulf States



Traders preparing to load goats and sheep for export onto a truck in Somalia.

29 April Nairobi/Mogadishu - Somalia in 2014 exported a record 5 million livestock to markets in the Gulf of Arabia thanks to heavy investments in animal disease prevention backed by the European Union and the United Kingdom, FAO said today. This is the highest number of live animals exported from Somalia in the last 20 years.

The export data, collected by the FAO-managed Food Security and Nutrition Analysis Unit (FSNAU), indicates that Somalia exported 4.6 million goats and sheep, 340,000 cattle and 77,000 camels in 2014, worth an estimated \$360 million.

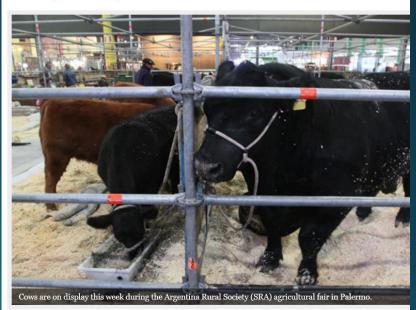
Livestock is the mainstay of the Somali economy, contributing 40 percent to the country's Gross Domestic Product.

"This is a key milestone for the Somalia's livestock sector that reflects the large investments being made to support the commercial development of the livestock sector to become more competitive in international markets," said Said Hussein lid, Somalia's Minister of Livestock, Forestry and Range. "This is important for both Somalia's economy in general and for the livelihoods of the millions of livestock owners throughout Somalia."

"The sector's potential is enormous," lid added.

Country wins dispute with US over beef

Saturday, July 25, 2013



WTO rules in favour of Argentina, saying Washington violated trade rules with ban A dispute resolution panel with the World Trade Organization (WTO) ruled in favour of Argentina yesterday in a lawsuit filed against the United States more than 12 years ago due to a decision to ban Argentine beef imports.

The ban led Argentina to lose about US\$2 billion in potential exports, according to government estimates.

Market access

WRural

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TPP to cut agricultural tariffs across the board, but US sugar protections remain

ABC Rural By Anna Vidot

Print Email Facebook Tweet 97 More 57

Updated 7 Oct 2015, 9:43am

Tariffs on a wide range of agricultural commodities will be removed or phased out under a major Pacific trade deal, Australian trade negotiators say.

In the early hours of this morning, Australian time, ministers from 12 Pacific rim countries including Australia, the US and Japan finally shook hands on a Trans-Pacific Partnership (TPP) agreement, more than five years in the making.

Market access for agricultural commodities like dairy and sugar was a major sticking point in the deal.

The result for those commodities appears to be mixed.



PHOTO: The twelve Trans-Pacific Partnership (TPP) ministers have agreed on a major new trade deal. (Reuters)

0

MAP: Parliament House 2600

While Japan has moved to further open its dairy and sugar markets, building on last year's Australia-Japan trade deal, the US has largely maintained protections for domestic producers.

WRural

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Indonesia's Agriculture Ministry recommends 200,000 cattle be imported next quarter but exporters await permits

ABC Rural By Sarina Locke



Updated 24 Sep 2015, 11:22am

Meat and Livestock Australia is reporting that Indonesia's Ministry of Agriculture has recommended the country import 200,000 head of feeder cattle from Australia in the upcoming fourth quarter.

The number would be a huge boost to northern Australia's live cattle trade.

Meat and Livestock Australia understands the Indonesian Ministry of Trade will now review the 200,000 head recommendation before allocating import permits

Exporters have told ABC Rural they are expecting news on permits by the end of the week.



PHOTO: Cattle producers await permits for export to Indonesia, while the Indonesian Agriculture ministry is recommending 200,000 more feeder cattle be imported for the Oct-Dec quarter. (ABC Rural: David Sparkes)

RELATED STORY: Indonesia warms to longer-term focus for

Competition from other proteins

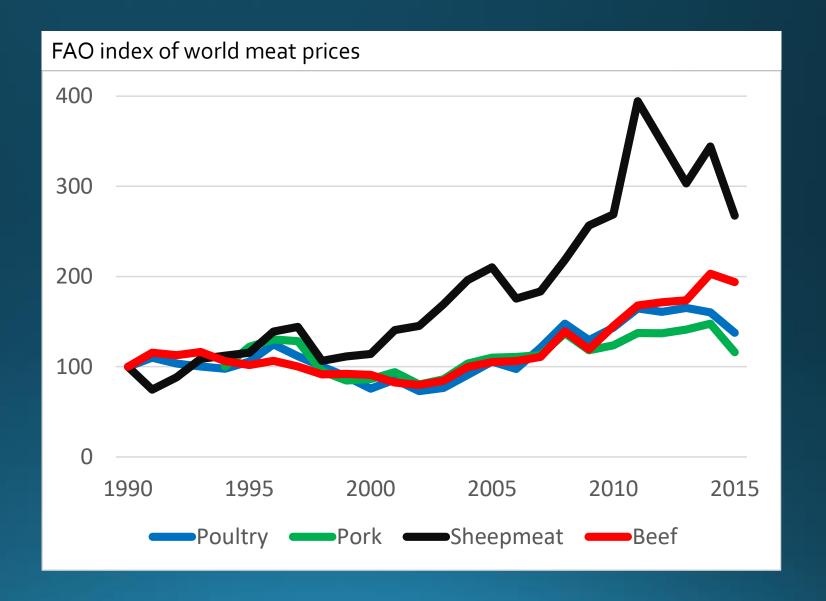
Price increases since 1990

• Pork 16%

• Chicken 37%

• Beef 94%

Sheepmeat 167%



Competition from other suppliers

