

Australian Seafood CRC

Assessment of Infrastructure and Priority Needs for the CRC Technical Market Access Support Program



**AUSTRALIAN
SEAFOOD
COOPERATIVE
RESEARCH CENTRE**

Report by

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Report to CRC

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Report to CRC

Assessment of Infrastructure and Priority Needs for the CRC Technical Market Access Support Program

1. Introduction

As an input to Business Plan development by the Australian Seafood CRC for the Product Quality and Integrity Research Program this project is to provide an assessment of the infrastructure and priority needs of the Seafood CRC Technical Market Access Support Program.

Specific Requirements of the Project

- 1) To conduct an examination of seafood industry technical market access and support arrangements in order to:
 - Identify current infrastructure and support services relevant to the provision of technical market access support within the Australian seafood industry
 - Identify and detail the infrastructure and support services relevant to the provision of technical market access support within the Australian meat, dairy, horticulture and wine industries. To compare and contrast the approaches adopted by these industries and to make an initial assessment of the strengths and weaknesses of these approaches.
 - Detail current Australian seafood industry product integrity testing capacities and identify any capability gaps
 - Identify the current technical support priorities and needs of AQIS, Biosecurity Australia, FSANZ and state food regulators
 - Identify current technical market access issues and priorities of the CRC end user participants

- 2) To prepare a report on the examination, and to make recommendations relevant to planning for future CRC research and development activity

Approach

The study involved website and document research and numerous consultations with seafood industry stakeholders, government organisations as well as with industry representatives from the horticulture, meat, wine and dairy industries. A listing of organisations and individuals who contributed to these consultations is shown in Appendix 1.

The report has been structured to meet the above requirements of the project, and covers:

- Infrastructure and service arrangements relevant to the provision of technical market access support
 - International and national

- Seafood industry
- Horticulture industry
- Meat industry
- Dairy industry
- Wine industry
- Comparative assessment of the infrastructure and service arrangements
- Technical support priorities of principle government regulatory agencies involved in technical market access issues and services
- Technical market access issues and priorities of the CRC end user participants
- Relevance of the assessment to Seafood Australia CRC's Market Security Program and suggested next steps.

2. International and national infrastructure and service arrangements relevant to the provision of technical market access support

The focus on technical market access and support infrastructure in this examination has been on the industry institutional, consultative and preparedness infrastructure, rather than on the technical facilities and services, which will be addressed in a related but separate project being undertaken by SARDI.

All Australian produced agriculture products share a similar international and national government regulatory/support framework relating to trade and market access, although there are different emphases depending on the nature of the product. The following is an outline of this framework.

2.1 International

World Trade Organisation (WTO)

The WTO sets global rules for trade and provides a forum for trade negotiations and resolving trade disputes between member countries. WTO rules cover trade in all goods and many services as well as a very broad range of trade issues, from quarantine and technical trade barriers to taxation, subsidies and intellectual property.

Multilateral negotiations on issues impacting on the trade in agricultural and other products occur under the umbrella of WTO. The current DOHA round of negotiations is the Australian governments highest trade priority and is seen as an opportunity to:

- Strengthen existing WTO rules
- Impose new and more rigorous disciplines on the policies and programmes of other countries
- Eliminate agricultural export subsidies
- Substantially reduce subsidised agricultural production, and
- Deliver improved market access for exporters by cutting tariffs.

The Australian government also participates on the Cairns group, a coalition of 19 agricultural exporting countries including developed and developing countries from Latin America, Africa and the Asia-Pacific region. The Cairns Group brings together countries committed to trade liberalisation and has continued to play a key role in pressing the WTO membership to meet in full the mandate set in Doha.

The WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) covers food safety and animal and plant health regulations such as quarantine. The SPS Agreement recognises the right of WTO Members to enforce animal and plant health measures provided they are scientifically justifiable or based on international standards.

The SPS Agreement encourages WTO member countries to use international standards when setting their own SPS measures. These international standards are set by:

- 1) **Codex Alimentarius Commission (Codex)** – was established in 1962 by FAO and WHO to develop food standards, guidelines and related texts such as codes of practice. The main purposes of Codex is to protect health of consumers and ensure fair trade practices in the food trade, and promote coordination of all food standards work undertaken by international governmental and non-governmental organizations.
- 2) **World Organisation for Animal Health (OIE)** - The OIE was created in 1924 with the aim of controlling the international spread of infectious animal diseases. The OIE develops and publishes two types of international health standards for animals and animal products – trade standards and biological standards.

The standards aim to assure the sanitary safety of international trade in terrestrial animals (mammals, birds and bees) and aquatic animals (fish, molluscs and crustaceans), and their products. This assurance is achieved through the detailing of health measures to be used by the veterinary services or other competent authorities of importing and exporting countries in establishing health regulations for the safe importation of animals and animal products. Such measures aim to avoid the transfer of agents pathogenic for animals and/or humans, without the imposition of unjustified trade restrictions.

- 3) **The FAO International Plant Protection Convention (IPPC)** - is an international treaty to prevent the spread and introduction of pests of plants and plant products, and to promote appropriate measures for their control. It provides a framework for international cooperation, sets international standards and exchanges information on plant health.

These organisations promote the harmonisation of international standards for animal and plant health and food safety. Member countries may apply stricter measures than the international standards if they can justify them scientifically through a risk assessment and the measures are least trade restrictive.

As well as the broader multilateral forums the Australian government is involved in the development of bilateral Free Trade Agreements such as with US and Thailand, and negotiations are underway with China. The Australian government may also make representations to improve specific trading arrangements as required.

Technical Barriers to Trade - technical regulations and standards applied by countries on imported products. They include packaging and labelling requirements on goods traded internationally, and are governed by the WTO Agreement on Technical Barriers to Trade (the TBT Agreement).

The TBT agreement deals with procedures for testing and certifying conformity to technical regulations (compulsory) and standards (voluntary) governing international

trade. All WTO Members are required to meet and uphold the principles and obligations of the TBT Agreement. The TBT Agreement does not cover measures that come under the SPS Agreement.

2.2 Australian – Government

The Australian government has in place a number of pathways for trade access issues to be progressed, leading if appropriate to representations or input to any of the International bodies referred to above. These representations may be either through multi-lateral or bilateral negotiations.

For agricultural and food products these usually are the responsibility of the Department of Agriculture, Fisheries and Forestry (DAFF) and the Department of Foreign Affairs and Trade (DFAT).

It is not proposed here to detail all of the inter-relationships that contribute to this framework, but to simply outline broad areas of responsibility.

2.2.1 Department of Foreign Affairs and Trade (DFAT)

DFAT is responsible for negotiating with foreign Governments to ensure better trade conditions for Australian products. The Government pursues this goal:

- **Multilaterally** through the World Trade Organization (WTO) by negotiating trade agreements which provide the legal ground-rules for international trade
- **Regionally** through Asia Pacific Economic Cooperation (APEC) and other international forums by strengthening regional trade links and pursuing common trade and economic goals
- **Bilaterally** through the negotiation of free trade agreements, such as with Singapore, Thailand and the United States that deliver gains which cannot be achieved in a similar timeframe elsewhere. DFAT also work to expand markets and address market barriers in a range of countries and sectors, including Japan and China.

The Australian Embassy network throughout the world provides feedback and access to government and officials in all of Australia's major trading partners. In agriculture and food products, DFAT works in consultation with DAFF and industry marketing service companies and statutory authorities.

2.2.2 Department of Agriculture Fisheries and Forestry (DAFF)

DAFF has within its structure a number of Divisions that have an involvement in technical market access issues, support services and regulation in the agriculture and fishing industries. The following summarises the roles of these agencies:

AQIS - Provides import and export inspection and certification to maintain Australia's favourable animal, plant and human health status and access to export markets. Quarantine controls at Australia's borders also aim to minimise the risk of exotic pests and diseases to protect Australia's agriculture industries and environment.

AQIS facilitates the export of Australian agriculture and food products by providing information, inspection and certification to meet overseas country requirements. AQIS regulates food exports including fish, dairy produce, eggs, meat, dried fruits, fresh fruit and vegetables, and some processed fruit and vegetables.

The Technical Standards branch facilitates the export of dairy and fish products and maintains market access for meat, dairy, wild and farmed game and fish.

DAFF Food and Agriculture Division - aims to make Australia's agricultural and food industries more globally competitive through the provision of policy advice and program administration. Fisheries and aquaculture are managed separately (see below).

The Food and Agriculture Division is focused on developing the food and fibre 'value chain' from farm production through processing to the consumer, and consists of teams that have specific responsibility for industry sectors such as crops, wine, horticulture, wool, meat, dairy and processed food and beverages. These teams contribute to achieving outcomes in industry development and regulation, supply chain management and quality systems, product integrity, innovation, market access and trade, labour, education, security and sustainability.

The International Food Standards programme (IFS) within the Food and Agriculture Division contributes to the maintenance and development of international market access opportunities for the Australian food and beverage industries. This is achieved by providing scientific and technical advice in the development of Australian positions in government-to-government negotiations on international food standards.

IFS is principally involved in a range of committees and task forces of the Codex. Working with Codex Australia (see below), IFS encourage the involvement of Australia's food and beverage industries and government agencies in developing Australia's positions for Codex negotiations. IFS also provide technical input on international food standards issues to facilitate trade in Australian food and agricultural products.

DAFF Fisheries and Forestry Division – Fisheries and Aquaculture - Is responsible for:

International Fisheries - provides policy advice on bilateral, multilateral and regional fisheries agreements and related issues; including the Commission for the Conservation of Southern Bluefin Tuna (CCSBT), Indian Ocean Tuna Commission (IOTC), the Western and Central Pacific Fisheries Commission (WCPFC) and the Forum Fisheries Agency (FFA). Responsibilities also include northern illegal fishing, Australia's bilateral relationships with Indonesia and Papua New Guinea and Torres Strait Fisheries issues.

Aquaculture - responsibilities include implementation of the Aquaculture Action Agenda, and coordination of seafood supply chain including seafood safety and market and trade strategies.

Market Access and Trade – is involved in developing and maintaining a diversified market base, through the Fisheries Market Access and Trade Program. This program was formed in March 2001 in recognition of the need for a more coordinated approach to addressing deficiencies in the Australian/State Government’s and the Australian fishing industry’s approach to dealing with market access issues.

The Fisheries Market Access and Trade Program has four principal objectives:

- 1) Development of a targeted market access agenda, including participation in the current WTO round of negotiations and in developing bilateral agreements
- 2) Publishing, industry identified export market guides
- 3) Development of a strategy to promote greater coordination and cooperation between the Australian Seafood Industry and Commonwealth, State and Territory governments in dealing with market access issues, and
- 4) Development of a program to alleviate current inadequacies in the collation and dissemination of market information.

Illegal Unreported and Unregulated (IUU) Fishing - responsibilities include implementation of the Government’s Southern Ocean IUU Fishing Strategy, policy advice on related compliance, bilateral and multilateral agreements, Implementation of Commonwealth Fisheries Policy Review and Resource Sharing.

DAFF International Division - is the international arm of DAFF, with a role to:

- Open up trade opportunities for Australia’s agricultural exporters and maintain existing trading relationships
- Establish strong multilateral, bilateral and regional relationships with trading partners
- Reduce international trade distortions
- Provide technical assistance to support Australia’s agricultural exports
- Oversee policies to reduce risks to Australia’s plant and animal health status from exotic pests and diseases, and
- Develop international trade standards for agricultural exports.

The Technical Market access Program (TMAP) within International Division works to establish, improve and maintain market access for Australian agricultural and food products. It does this through activities such as

- Technical discussions and negotiations on sanitary and phytosanitary (animal and plant health) issues in key export markets
- Developing new import protocols
- Preparing submissions to support Australian food exports, and
- Engaging with key importing agencies to facilitate market access.

DAFF – Product Integrity Animal and Plant Health (PIAPH) Division - contributes to the department's involvement in the development and implementation of policies and programs on food safety, including issues of national and international significance.

Responsibilities include:

- Running industry and government committees that are responsible for developing national approaches to on-farm food safety issues such as SAFEMEAT.
- Building and maintaining emergency management capacity and communications

Specific programs and activities of relevance within PIAPH include:

The Aquatic Animal Health Unit (AAHU) leads and coordinates the national management of aquatic animal health for:

- Finfish (including barramundi, pilchards, salmon and tuna),
- Crustacea (including prawns, lobsters and yabbies)
- Molluscs (including abalone, edible oysters and pearl oysters).

The AAHU supports the development of AQUAPLAN - Australia's National Strategic Plan for Aquatic Animal Health and coordinates the national response to aquatic animal disease emergencies, based on AQUAVETPLAN.

National Residue Survey (NRS) - to facilitate key export and domestic market access for participating industries by:

- Providing residue testing services that are technically sound, risk-based and structured to meet market requirements within the specified budget
- Providing scientific and policy advice on residues and contaminants to the Australian government and industry
- Underpinning quality assurance projects
- Providing support in residue-related trade incidents
- Maintaining a database of residue test results for participating industries

The National Registration Scheme for Agricultural and Veterinary Chemicals (National Registration Scheme) - was established under Commonwealth and State legislation and ensures that agriculture and veterinary products are:

- Effective on target species
- Safe when exposed to humans and non-target species either through direct exposure or residues in treated food stuffs
- Environmental friendly, and
- Labelled and packaged correctly.

Codex Australia – coordinates Australia's position on priority Codex standards. It expresses Australian views in the Codex Commission forums and distributes documents under consideration to interested members of the food industry for comment.

Biosecurity Australia (BA) - provides science based quarantine assessments and policy advice that protects Australia's favourable pest and disease status and enhances Australia's access to international animal and plant related markets.

BA participates in the development of international quarantine standards and works to develop quarantine expertise in our region. They also prepare scientific and technical submissions that help to maintain and open overseas markets for Australian animals and animal products.

2.2.3 Food Standards Australia and New Zealand (FSANZ)

FSANZ is a bi-national, independent statutory authority that develops food standards for composition, labelling and contaminants, including microbiological limits, that apply to foods produced or imported for sale in Australia and New Zealand.

FSANZ develops food standards to cover the whole of the food supply chain - from paddock or fishery to plate - for both the food manufacturing industry and primary producers.

FSANZ works in partnership with Australia's Commonwealth, State and Territory governments and the New Zealand Government and also seeks to engage industry, consumers and public health professionals in their work.

2.3 Australian - Non-Government

In the primary industry sector the National Farmers Federation (NFF) has initiated the NFF Trade Working Group, involving all of the major primary industry peak organisations that share a common interest in the outcomes from WTO negotiations. This group works in co-operation with Australian trade negotiators to ensure the farm sectors priorities and focus are maintained.

3. Seafood industry infrastructure and support services relevant to the provision of technical market access support

3.1 Overview

The commercial fishing industry ranks fifth in value amongst Australian rural industries after beef, wool, wheat and dairy. About 600 marine and freshwater seafood species are caught and sold in Australia (under about 300 marketing names) for local and overseas consumption. Australia is one of the largest producers of abalone and rock lobster, and south sea pearls are considered the most valuable in the world.

Production focuses on high value export species. Western Australia, South Australia, the Commonwealth, Queensland and Tasmania are the largest producers in terms of the gross value of fish. Australian waters contain over 150 fisheries, most of which target high-value species such as lobsters, prawns, abalone and tuna. Many fisheries operate on a multi-species basis.

The most valuable Australian fisheries include the Western Rock lobster, Northern Prawn, Southern Bluefin Tuna and South East fisheries. Australia has developed significant Patagonian toothfish fisheries in remote Australian waters in the Southern Ocean and a high seas longline capacity on the west and east coasts, targeting high quality tuna and swordfishes.

Aquaculture is now one of Australia's fastest growing rural industries. Currently more than 60 species are being farmed including pearl oyster, pacific and Sydney rock oysters, mussels, prawns, freshwater crayfish, native fish, salmon, tuna, eels, crocodiles, and algae.

The value of „wild caught“ seafood still dominates the Australian fishing industry, making up around A\$1.49 billion or 68 per cent of total seafood production in 2003-04. Aquaculture production contributed A\$ 732 million

Since 1997/98 the real value of aquaculture production has risen by 22 per cent or A\$132 million, while the real value of „wild caught“ seafood has only risen by 2 per cent. The dramatic rise in value of aquaculture in percentage terms indicates a longer-term trend, which suggests the sector will provide the major impetus for medium to long-term growth in the value of Australia's seafood production

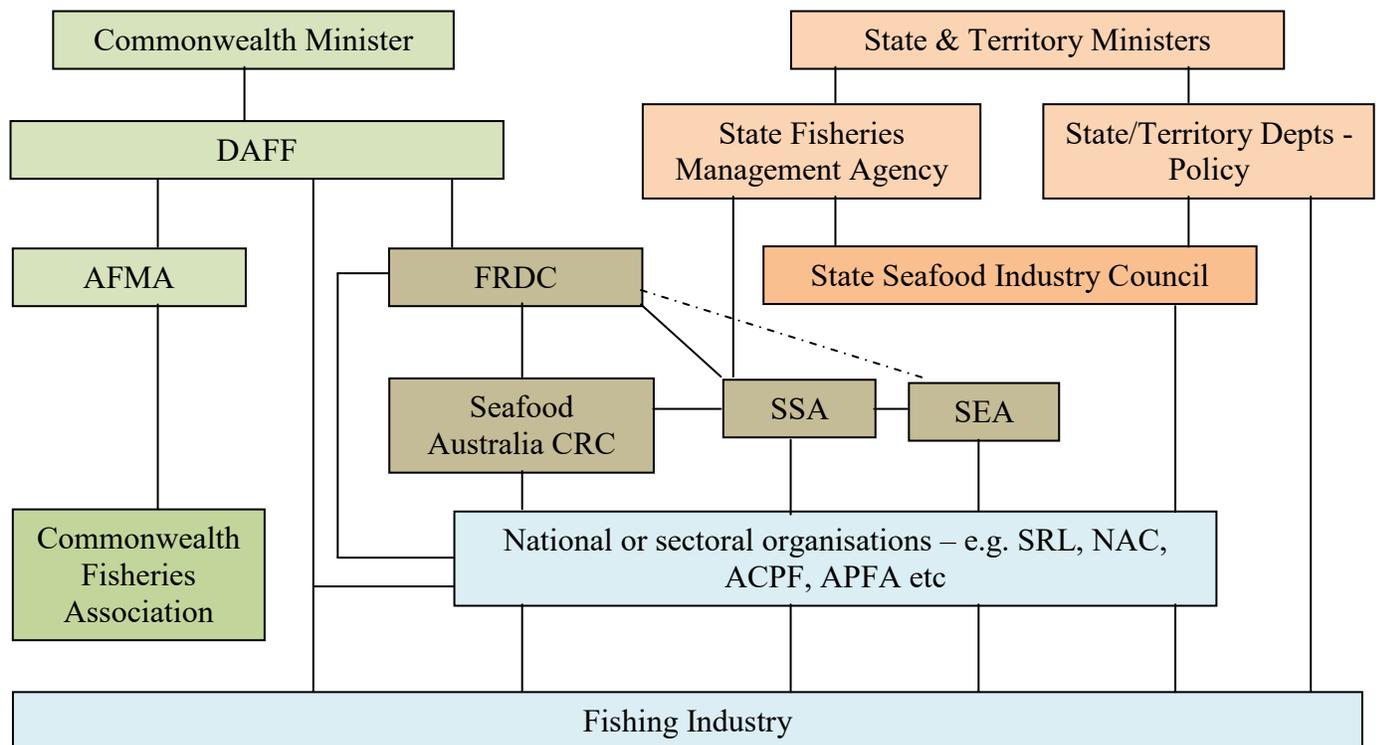
The export value of Australian fisheries in 2003-04 was A\$1.65 billion. Exports account for 75 per cent of the value of our seafood production, but have fallen, in real terms, by seven per cent since 1997/98. Seafood exports are dominated by five key products, rock lobster (A\$427 million), pearls (A\$310 million), prawns (A\$161 million), tuna (A\$273 million) and abalone (A\$238 million), which combined make up A\$1.4 billion or 85 per cent of total seafood exports. (Source DFAT).

3.2 Seafood Industry Infrastructure and Support Framework

This examination focuses on arrangements in place at the national level although it is recognised that the involvement of state and territory governments, fishing industry councils and state industry representative bodies have a significant role in providing resources that contribute to access for Australian seafood onto domestic and export markets.

The seafood industry is made up of many separate industries that are broadly categorised as either the “wild-catch” or aquaculture sectors. Each industry within these sectors has established representative organisations. The industry has previously been represented at the national level by the Australian Seafood Industry Council (ASIC) that brought together all industry sectors. The closure of this organisation means that there is now no over-arching industry representative body although there are efforts in train to rectify this situation. There remains strong support for having a national seafood industry organisation within both industry and government.

At the national level the following diagram, which has been adapted from one supplied by the Fisheries Research and Development Corporation (FRDC) provides an overview of these structures and their inter-relationships.



The national industry or sectoral representative organisations have specific technical market access goals identified within strategic plans relevant to their species or sector. These are progressed through these organisations representations to government, in particular AQIS and sometimes direct to the Minister.

Following representations from the Australian Council of Prawn Fisheries (ACPF) the Minister initiated the establishment of a task force to progress the issue of cadmium and access to the EU market. Changes in personnel in DAFF and the difficulties in engaging the EU officials in negotiations on the issue have meant there has been little progress on the matter to date.

The principle consultative forum between the fishing industry and government sits with the AQIS Seafood Export Consultative Committee (SECC). Participants are selected by AQIS from industry nominees. Discussions with industry, including those involved on SECC indicated SECC was far from adequate as a consultative forum, and industries are constrained in their input due to a lack of resources.

Seafood Services Australia (SSA) has taken on some of the across industry market access responsibility since the closure of ASIC. SSA is involved in the Codex committee on fish and fish products, however again are constrained by limited resources. The following is an edited extract from the SSA Business Plan on their role in market access:

To open new markets and maintain existing ones, the seafood industry's traditional reliance on Government's to monitor and act on international trade and market development issues on its behalf must be replaced by concerted, collaborative efforts between governments and industry. SSA is helping to break down the institutional barriers that have impeded the seafood industry's ability to link into government trade and market development initiatives accessed by other primary industries.

SSA Strategies:

- *“Scan the horizon” to identify trade and market development issues of importance to the seafood industry.*
- *Work with industry bodies, AFFA, DFAT and other agencies to provide information that supports Australia's negotiating positions in international forums.*
- *Address specific seafood trade and market issues and opportunities that may arise from time to time (in conjunction with other relevant bodies).*

SSA is also involved in discussion on international Environmental Certification Standards.

Seafood Experience Australia (SEA) was established in 2005, as a separate corporation, with the aim of promoting Australian seafood as a premium product to domestic and international consumers. SEA is funded through industry participation in promotional programs and membership.

FRDC have prepared a comprehensive examination of the fishing industries future directions, entitled Investing for Tomorrow's Fish. This examines the strategic challenges for the next 20 years and provides the basis for the development of the FRDC R&D plan and programs.

The FRDC have directed resources to market access projects such as heavy metal contamination, residues in prawns and SBT, zoning systems for oysters as an input to QA programs and SRL access to the US. They also contribute to the funding of SSA and Seafood Australia CRC.

4. Industry infrastructure and support services relevant to the provision of technical market access support in the horticulture, meat, dairy and wine sectors

The order of consideration of the sectors below has been deliberately chosen as, in general terms; each progressively involves a higher level of value adding or intervention in the preparation of the final product for consumers. This has some impact on the infrastructure and approach adopted.

4.1 Horticulture Industry

Overview (Source Horticulture Australia Ltd – HAL)

Horticulture in Australia is an extremely diverse collection of industries, comprising fruit, vegetables, nuts, nursery, extractive crops, cut flowers and turf. Most of these industries are separate and autonomous at the production level although there is some inter-relationship in the processing/packaging sector.

Total horticultural Gross Value of Production of the horticulture industries is \$7 billion, with exports in 2004/05 of \$817 million or 11.7% of production. This is expected to increase to \$1.5 billion by 2008.

Market access covers new or improved entry for horticulture products into markets where terms and conditions of access need to be negotiated on an inter-governmental basis with those authorities responsible for the control of import, health and safety regimes.

This broad definition of market access covers:

- Phytosanitary (quarantine)
- Sanitary (contaminants eg pesticides)
- Non-quarantine (eg exclusion, duties, quotas, tariffs, licences)
- Requirements which need to be addressed through the established channels for authorising or improving access.

At the international level, the World Trade Organisation's established phytosanitary, sanitary (SPS) and other agreements offer mechanisms and opportunities to improve market access in respect of quarantine barriers. The WTO's current multi-lateral Doha Round offers mechanisms and opportunities to improve market access in respect of non-quarantine barriers. Bilateral negotiations occur both independently and as part of the above arrangements.

At the national level, the Australian Government holds responsibility for negotiation of new market access, maintenance of existing market access and inter-governmental resolution of market access issues. The Horticultural Market Access Committee (HMAC) is essentially the channel between these official agencies and their activities and horticulture industry stakeholders interested and involved in market access. (HAL website)

Principle market access issues:

- SPS issues – quarantine and testing barriers due to concerns over potential contaminants, plant pathogens or diseases
- Tariffs and other trade barriers
- Export and production subsidies of competitors within markets
- Product integrity – a developing issue
- Packaging remains non standardised
- Developing issues:
 - Environmental, food miles, carbon footprint
 - Retailer requirements coming out of Europe, but with multinational supermarkets these are likely to be of increased significance. Retailer competition for environmental credentials means a propensity for independent requirements to be developed, with separate audit or verification. Industries challenge is to gain credibility for industry QA and anticipate/liase with customers to ensure any adoption offers potential for bolt-on requirements to existing arrangements, and to work in with retailer branding.

Horticulture Industry Infrastructure and Support Framework

Government technical market access involvement and compliance arrangements are broadly in line with the summary provided above, refer section 2.

Each horticulture industry has an industry body that represents the interests of that sector's participants, particularly growers. These associations are member bodies of Horticulture Australia Limited (HAL), the industries national research, development and marketing organisation that works in partnership with the horticulture sector.

Horticulture market access issues are managed through the Horticulture Market Access committee (HMAC), operated by HAL.

HMAC is a committee which holds responsibilities on behalf of the Australian horticultural industry to consider, prioritise, promote and communicate all market access issues which are of industry significance. The committee undertakes these responsibilities under arrangements and in consultation with industry associations and their members, government agencies, the research community and others who are involved and instrumental in achieving market access outcomes. (HAL website)

HMAC was originally an industry only body that attempted to prioritise issues to take forward from industry to government. In a review it was recognised that this did not adequately develop an industry/government partnership to agreeing priorities and the strategy to effect change.

Following the review it was restructured to constitute:

- 6 industry specialists selected on the basis of skills. These members are nominated by HAL members and are selected and appointed by HAL
- HAL CEO - Chair
- Government – AQIS, BA, DAFF, International, Policy, DFAT
- State department representative – involved as the representative for state R&D bodies (see below*)

- Exporter
- Co-ordinator

Government bodies do not have a vote, although the committee operates by consensus.

HMAC meet 3 times per year to consider market access issues raised in submissions from industry groups, and establishes priorities for attention. HMAC have 13 criteria for submissions from industry, which must address the business case, technical research requirement, commerciality etc. A score card is prepared on the merits of the case, and HMAC rank the access issues in order of priority.

The focus may be on the product or a specific country, and once the priorities for attention are agreed, activities will involve the relevant industry representative bodies. There are a number of ongoing access issues on the agenda and a number of new submissions from HAL membership are considered each year. At the HMAC meeting, government representative's report on progress on the various priority access issues and subsequently a constituent's update is circulated.

The process enables a strategic approach to progressing access issues, from which R&D needs can be assessed and initiated. R&D outcomes can also provide valuable input to government representations in bilateral or multilateral negotiations aimed at progressing the agreed priorities. The forum may also consider mechanisms for influencing the environment in the target market. As an example in China – HAL have developed a high level memo of co-operation with CIQA an Advisory Committee to AQSIQ (the organisation for setting and enforcing Chinese import requirements) on trade development. This has been of significant value in creating a dialogue and facilitating progress on access issues.

HAL also conducted verification trials that were used to negotiate less costly temperature requirements for horticulture products exported to Japan.

The HMAC process enables the industry to present a focused industry view to the Minister and has become recognised by the Australian government, which has now asked HMAC to apply the same process to proposed imports.

HAL has appointed a part-time coordinator to manage HMAC and to maintain ongoing liaison with relevant HAL member organisations and government representatives on priority issues. This role provides a recognised point of contact on all matters relating to market access in the horticulture industry.

As well, HAL has an agreed Strategic Plan for Market Access that assists in focusing R&D through other institutions. HAL brings together State Departments and CSIRO as a network group each year and the HMAC state representative provides an ongoing liaison point. (*)

HAL are involved on the NFF Trade Working Group (referred to in 2.4 above) that provides overall primary industry coordination and high level input on agricultural issues in trade access negotiations.

On specific contamination or residue issues, HAL are in the process of setting up Fresh Produce Watch – (an equivalent to Safemeat in the meat industry). This will be aimed at ensuring response preparedness in the event of a food safety issue arising in the Horticulture industry on either the export or domestic market.

AQIS are progressively developing a database on protocol requirements and work is going on into MRL's (see AQIS and APVMA comments later)

AQIS operate a Horticulture Export Consultative Committee (HECC), in line with consultative arrangements in other export industries. The main focus of HECC is on administrative, budget, cost recovery and AQIS fees. This is not seen as an appropriate forum for raising market access issues.

Market access issues involving negotiations on addressing unrealistic import requirements are taken up through the DAFF Food and Agriculture Division or DAFF International. The AQIS responsibility is about ensuring existing market access requirements are met. Their emphasis is on certification and compliance and they are not well placed to progress disputes over the nature and relevance of requirements, which is a policy issue.

4.2 Meat Industry

Overview (source MLA)

Australia is one of the world's largest exporters of red meat. The industry contributes nearly \$15 billion to the Australia's economy and livestock numbers are in excess of 130 million head. Each year Australia produces just over 2 million tonnes of beef and veal (ABS 2005-06). The gross value of Australian cattle and calf production (including live cattle exports) is approximately \$7.4 billion (ABARE 2005-06).

Australia has a „whole of chain“ approach to the production of safe and wholesome beef. It relies on each sector implementing a HACCP-based quality assurance system to ensure safe practices and enable traceback at all levels, right back to the property of birth.

Australia produces around 381,839 tonnes of lamb and 243,789 tonnes of mutton (ABS 2005-06). The gross value of Australian sheep and lamb production including live sheep exports is estimated at \$2.1 billion (ABARE 2005-06).

Meat and Livestock Australia Limited (MLA) is a producer-owned company that provides services to livestock producers, processors, exporters, foodservice operators and retailers. MLA is funded by livestock producer levies and government matching funding on R&D expenditure and has over 43,000 livestock producer „members“ who have stakeholder entitlements in the company. The company was established in 1998 following a review of industry institutional arrangements.

Other key industry representative peak councils include:

- Cattle Council of Australia (CCA)
- Sheepmeat Council of Australia (SCA)
- Goat Industry Council of Australia (GICA)
- Australian Lot Feeders Association
- Australian Meat Industry Council (AMIC)

Market Access issues for the meat industries include:

- Residues and contamination – traceability, residue testing, refrigeration and product handling requirements
- Tariffs and quotas
- Certification of processing establishments – prescriptive EU access requirements
- Certification of slaughter requirements – e.g. Halal
- Labelling

Areas of increasing significance include:

- Environmental issues such as “food miles“
- Animal welfare, including animal transportation
- Large end user (retailer) requirements e.g. Tesco, Sainsbury's as they are more global in their spread and requirements will be for supply to all markets. They will increasingly

focus on environmental issues and animal welfare, and will be establishing agreements with accredited suppliers.

Meat Industry Infrastructure and Support Framework

Government technical market access involvement and compliance arrangements are broadly in line with the summary provided above, refer section 2.

The Meat processing sector has recently initiated the establishment of the Red Meat Market Access Committee (RedMMAC), comprising the industry peak councils, AMIC, CCA, SCA, MLA and includes DAFF and DFAT. AMIC provide the secretariat with MLA support.

RedMMAC's focus is on the trade and negotiation level and provides an inter-face between industry and government on trade access priorities and issues. The group identifies and brings in the commercial parties on access issues and provides government with a clearer understanding of the impacts. DAFF are involved through DAFF International Division and AQIS.

MLA provide a number of support services on technical and other market access matters, including industry co-ordination, monitoring and follow-up on issues and R&D.

MLA have implemented a Food Safety Program with an emphasis on food-borne pathogens and to deal with hygiene and quality. The approaches taken by the program are based on science, risk assessment and new management strategies.

To achieve this objective, the Food Safety Program focuses on:

- Consultation with stakeholders on the strategy, direction and themes for the program to meet industry requirements.
- Scientific discovery and knowledge generation to find new ways of managing food safety hazards along the red meat supply chain. This includes basic scientific research, measurement and hazard studies, and development of appropriate tools and information for the industry.
- Using scientific knowledge to facilitate change and further developments within the industry by communicating and collaborating with stakeholders.

Market Access R&D emphasis through MLA is on:

1. Economic research – Using the industry developed CIE Global Meat Model to quantify benefits in liberalisation of trade barriers. Independent research is also carried out to quantify the cost of barriers
2. Technical research – covering animal welfare (animal transportation), shelf life regulation, food safety and environmental management.

R&D attempts to refute the alleged problem and show scientifically why specific requirements are not applicable or how existing arrangements provide equivalent or more acceptable outcomes.

A lot of the effort in market access R&D is involved in trying to anticipate future trading regimes in order to be prepared. The work is not always about breaking down a barrier – it is often about maintaining trade which is more difficult to sell to those providing the funding.

SAFEMEAT is a critical component of the meat industries management of technical issues impacting on market access. Safemeat is the food safety partnership between the meat industry and government aimed at ensuring that red meat products achieve the highest standards of safety and hygiene from farm to consumer and providing strategic direction and policy advice to the red meat industry. Every sector of the red meat production chain is represented on Safemeat, from cattle and sheep producers, to processors, to meat and livestock exporters, to government representatives.

The Safemeat strategic approach involves a number of targeted projects under the following eight key programs:

- 1. Standards and Regulations** - to ensure the implementation of nationally consistent standards and regulations relating to meat safety and hygiene.
- 2. Emergency Management** - to ensure that effective emergency management strategies are in place and activated at appropriate times.
- 3. Animal Diseases (as they relate to food safety)** - to ensure the red meat sector deals effectively with food safety issues arising from disease outbreaks in cattle and sheep.
- 4. Residues** - to develop and implement sound management systems to deliver safe and hygienic food with adequate and nationally consistent government standards and regulations relating to residues.
- 5. Pathogens** - to implement sound management systems to deliver safe and hygienic food that meets consumer and regulatory requirements.
- 6. Systems Development and Management** - development and management of key management systems to underpin red meat safety and hygiene programs.
- 7. Communication and Education** - to facilitate communication, education and awareness of meat safety and hygiene issues.
- 8. Emerging Issues** - to ensure that the industry is positioned to meet changing market and consumer demands as they arise. Issues such as advancements in biotechnology policy are closely monitored both domestically and internationally to ensure a well-informed industry.

This partnership evolved out of the organo-chlorine and subsequent residue problems that impacted on the meat industry in the 1980's and 90's.

The meat industry participates in the NFF Trade Working Group and this is seen as providing the emphasis on the primary industry sectors economic significance needed to balance the influence of the industrial and service sectors. Without this the primary sector message to government would be fragmented.

Other issues that were raised in consultations included:

- Government has limited corporate memory, due to changes in personnel, emphasising the need for industry to continually present their position to ensure recognition and understanding

- Reforms over the years have enabled the development of an increasingly sophisticated supply chain with animal identification and movement recording, National Vendor Declarations, Livestock Production Assurance (on-farm Food Safety assurance and QA), NRS, through chain quality assurance and traceability from packaged product back to property of origin. This provides scope to respond to issues that arise.
- LPA is likely to evolve to meet requirements and adapt to future end user needs, such as Biosecurity and animal welfare

Both the CCA and SCA have found there is mutual benefit in working co-operatively with other overseas producer suppliers to principle export markets e.g. Tri-lamb (US, NZ and Australia), Five Nations Beef (US, NZ, US, Canada and Mexico), to get a common approach on access issues to try and keep the basis scientific and rational.

4.3 Dairy Industry

Overview

The dairy industry is Australia's third largest rural industry, with a farm gate value in 2006/07 of \$3.2 billion. It is the largest value adding food industry with the product value increasing threefold through processing and marketing to contribute \$9 billion to the Australian economy.

The industry exports nearly one million tonnes of product to 10 countries valued at \$2.5 billion and accounts for 12% of the world trade in dairy products.

National industry organisations include:

- Australia Dairy Farmers Ltd (ADF) – the peak national dairy farmer representative body
- Australian Dairy Products Federation (ADPF) – the peak policy body for the commercial/non farm sector of the dairy industry
- Dairy Australia Ltd (DA) – the levy funded industry research and marketing service provider body
- The Australian Dairy Industry Council (ADIC) is the peak industry organisation where dairy farmers and dairy companies come together to agree whole of industry policy.

Technical barriers to trade include:

- Food standards
- Processing requirements
- Hygiene requirements
- Environmental requirements
- Animal Welfare

The EU is the most difficult market and has very prescriptive requirements. On the other hand Australia has become more outcomes focused and this does not necessarily mesh with the EU approach.

DA has a Trade and Strategy Group involved in:

- Relationship development - (DA have a representative based in the EU)
- Day to day issue monitoring and management
- Maintenance of a critical issue management and response plan

As a general rule if there is a market access issue involving and impacting on a company – it is left to the company to manage. If the potential impact is broader then DA get involved.

DA Technical issues group oversees technical R&D – involves the co-ordination of industry level action on issues that may impact on perceptions or confidence in products and on the industry as a whole in local or international markets.

Focus:

- Product quality and safety
- Product integrity and production systems
- Co-ordinated whole of chain approach
- Issues management

Scope:

- 1) Public health and food safety
 - Microbiological contaminants
 - Chemical contaminants
 - Zoonoses
 - Antibiotics use
 - Biotechnology
 - Nutrition
- 2) Product integrity (community, consumer and market confidence)
 - Regulatory and policy frameworks
 - Animal health and welfare
 - Food security
 - Biosecurity
 - Environment
 - OH&S

(Source - Dairy Australia website)

Risk assessment in the dairy industry includes raw milk residue monitoring funded by DA. DA get together annually with APVMA, NRS and AQIS to discuss current findings, risks and changes in risk and market requirements. From this the monitoring strategy is developed. This is then discussed with EU.

With regard to residue monitoring, the dairy industry runs its own system to meet EU monitoring requirements, not the NRS. Laboratory capacity and proficiency is an issue, DA runs some laboratory proficiency testing through NRS. Laboratories tender for the role and State authorities coordinate the survey.

Issues that were raised included:

- Corporate memory in AQIS and government
- Codex is much more open than OIE, who are just starting to involve industry
- FSANZ establish national product standards and these are picked up through the State dairy authorities who set licensing requirements
- All dairy farms operate within a food safety QA arrangement imposed through dairy processors. The QA culture is an immense help and it enables a quick response to emerging issues.

Dairy producing countries have established a Global Dairy Platform – an alliance involving US, NZ, Canada and South American countries to discuss issues of mutual interest including market access.

4.4 Wine Industry

Overview (source AWBC)

Australia has approximately 2,000 wine companies and the sector employs an estimated 31,000 people. There are 169,000 hectares under vine. The total grape crush in 2006 was 1.901 million tonnes.

Australia is the world's sixth largest wine producer as at 2006 (behind France, Italy, Spain, US and Argentina) and the fourth largest exporter. Australian wine is exported to more than 100 countries, contributing \$5.5 billion to the nation's economy.

Industry bodies include:

- AWBC - a statutory corporation operating on about an \$18M budget, sourced from:
 - Voluntary market program membership fees
 - Compliance fees
 - Growers levies
- Grape and Wine Research and Development Corporation – R&D funding body
- Australian Wine Research Institute (AWRI) - leading scientific body (independent and objective)
- Winegrowers Federation – representative body
- Wine Grape Growers Association

The AWBC is involved in marketing (Wine Australia), statistics, regulation and label integrity.

Regulation includes licensing, annual compliance testing (testing to ensure wines are sound and merchandisable – are not oxidised and have no biological spoilage). AWBC also issues shipping approvals which interact with Customs.

In a dispute AWBC will assist in bilateral discussions with importing country authorities, and may draw on the wine test resources of AWRI.

There is a bilateral wine agreement between Australia and EC (the most difficult market).

To assist in market access issues there is a technical committee involving the industry and AWBC.

QA is not a requirement except that bulk wine suppliers must be selling to an importer who has a QA program, in order to gain approval to export. Some large importers, e.g. Sainsbury's require approved QA arrangements in place to meet their requirements.

The industry strategic direction – 2025 Directions was developed from a forum involving AWF and AWBC. AWF comprises a number of large corporate organisations and there is a strong strategic approach to industry development.

Issues that were raised:

- Traceability is a significant issue and there are inspections of paperwork to verify label claims.
- The industry do not regard that they have a real access problem as a rule, although issues may arise e.g. regarding testing for residues - keep imposing new or increasing existing requirements.
- The EC wine industry is traditional, extremely regulated and prescriptive, whilst Australia is regarded as innovative. This innovation needs to take heed of potential impact on reputation and access requirements.

There is a World Wine Trade Group – Australia, US, Canada, New Zealand, Chile, South Africa and Argentina, that serves to exchange information including on trade access issues.

5. Comparative Assessment

5.1 Matrix

Each industry has developed arrangements based on issues and experiences over the years, and these are unique to the industry concerned. The following comparative matrix attempts to highlight important aspects of the institutional market access framework, in a way that enables some broad comparison of arrangements in place.

The matrix also includes the seafood industry in order to complete the picture.

Technical Market Access (TMA) – Comparative Matrix

	Meat	Dairy	Horticulture	Wine	Seafood
Technical Market Access Issues	Chemical residues Heavy metals Animal disease Contamination Spoilage Labelling Trade complaints	Food standards Processing Hygiene Environmental Animal welfare	Sanitary and phytosanitary issues Residues	Consumer protection Additives Processes Labelling Product integrity systems	Trade barriers Heavy metals Food standards Inconsistencies between states and export Testing variations
Responsible Industry Organisations	Companies SAFEMEAT RedMMAC CCA, SCA, AMIC MLA	Companies ADF, ADPF DA Trade and Strategy Group, overseas representatives Industry Trade Sub-committee	HAL Representative bodies HMAC – involving industry and government Fresh Product Watch Australia Fresh	Australian Wine & Brandy Corporation AWF, AWGGA, FSANZ	Companies Industry and Sector representative bodies e.g. NAC, ACPF, APFA, SSA FRDC
Government Consultative arrangements on TMA	SAFEMEAT Formal industry consultations AQIS – Consultative Committee	Formal industry consultations	HMAC – industry driven	Through AWBC	Sectoral and industry body consultations
Coordination arrangement in place	Meat Industry Strategic Plan (MISP) RedMMAC – priority setting and govt. interaction SAFEMEAT – issue response & co-ord. (involving DAFF) SAFEMEAT Exec. Group SAFEMEAT Incident	Industry trade sub-committee DA – R&D Program in Technical Issues (see below)	HAL Strategic plan for market access HMAC processes (involving DAFF) and co-ordinator Incursion response planning	Wine industry strategic direction - 2025 Industry/AWBC technical committee	Sector strategic direction plans e.g. NAC, APFA etc

	Response Manual MLA				
Risk identification and assessment	NRS E.Coli & Salmonella monitoring program	Industry product sampling and continual monitoring	HMAC processes HAL R&D	Annual sample testing Risk management strategies	Monitoring for specific market access NRS
Communications on TMA	SAFEMEAT and MLA	DA	HAL/HMAC	AWBC	Industry and sector representative bodies AQIS
Principle Research support and focus	MLA	DA	HA	AWBC	FRDC
National across sector liaison	NFF trade access group	NFF trade access group	NFF trade access group	AWBC	
International Liaison	Five Nations Beef Conference World Meat Congress	Global Dairy Platform		World Wine Trade Group Codex and OIV Mutual Acceptance Agreement (Asia)	International conferences

5.2 Conclusions from comparative assessment

All industries share common issues in their market access dealings with the EU, including”

- The extremely regulated and bureaucratic approach
- A very high level of prescriptive requirements, whilst Australian industries are tending towards innovation, Quality Assurance and co-operative regulatory practices
- Differences in application of EU requirements between countries within the EU

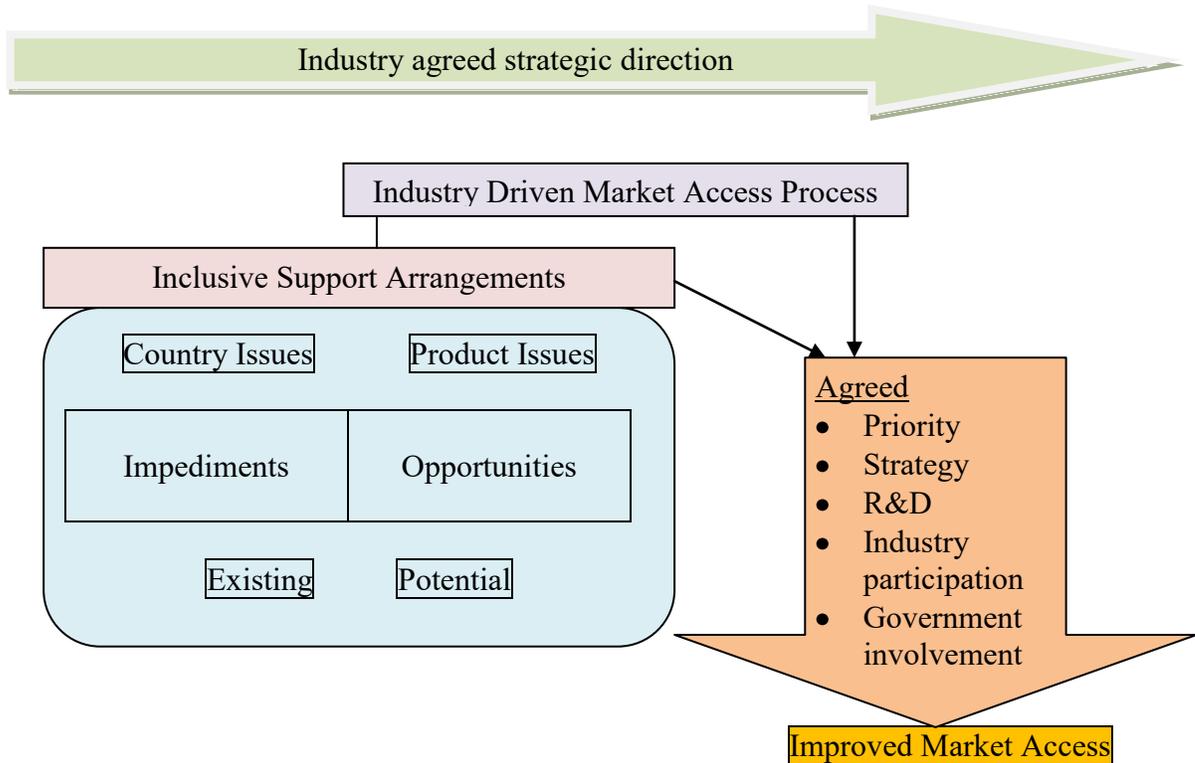
These concerns create a dilemma that whilst the EU may represent an important market now and in the future, a cost/benefit assessment may result in a decision to focus on alternative markets without the same barriers.

There is also the perception that the more progress that is achieved in multi-lateral and bilateral trade negotiations in reducing tariff, quotas and domestic production subsidies, the more technical trade barriers seem to emerge. This indicates that market access is an on-going issue that will need to be continually addressed, and that it is desirable to have an overall integrated industry approach that does not disassociate technical from non technical barriers.

In order to make positive impacts on market access issues, including technical issues, it has been shown in these industries that it is valuable to have a supporting framework in place, which incorporates the following principles:

- An agreed industry strategic direction committed to improving industry supply chains to meet future market access imperatives
- An industry driven process that determines priorities for action, agrees action plans and oversees implementation. Ideally this process will be a collaborative industry/government approach to facilitate co-operation on agreed priorities.
- Inclusive supportive arrangements that:
 - Identify current and future trade access impediments
 - Identify current and future trade access opportunities
 - Develop action plans for agreed priorities
 - Identify and implement supporting R&D consistent with the action plan
 - Focuses government activity onto priority issues in line with the action plan, with reporting on progress back to industry
 - Involves sectoral and industry organisations

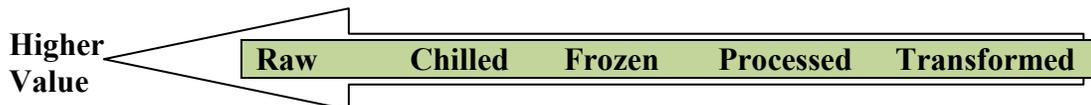
Market Access Framework



Each industry examined has its own version of this framework; however the approach adopted by the horticulture industry appears to offer the Seafood industry a more relevant model than that provided by the others, for the following reasons:

- Horticulture has similarities to the seafood industry, with a collection of largely independent autonomous industry groups that have established representative bodies
- Horticulture, like seafood is an industry with limited value added involvement. Generally speaking, the fresher the product the higher the value. Value adding occurs in terms of harvesting, packaging, transportation and presentation that gets the product to market quickly and without spoilage.

In general terms the value chain can be summarised:



- There is a need to determine market access priorities and to engender a co-operative partnership between industry and government at both the policy and compliance levels.

6. Technical support priorities and needs of AQIS, FSANZ and state food regulators

In the conduct of this review, discussions were held with:

- AQIS
- APVMA
- NRS
- FSANZ
- Biosecurity Australia
- DAFF Fisheries Market Access and Trade Section
- DAFF International
- AFMA

It is the judgement of the consultant that the concept of collaborative or even focused R&D to address known technical market access barriers, is not an area that has been given strong emphasis to date. There appears to be an acceptance that the industry must operate in the frameworks that exist, and the regulatory role has responsibility for ensuring compliance.

Issues being addressed are usually in response to immediate compliance concerns such as a labelling or residue infringement issue, and there is little evidence of a strategic focus on addressing known barriers or irrational requirements.

Industry has also largely focused their endeavours at the compliance end, relying on AQIS and the SECC forum to provide an avenue for advocacy on known technical barriers. There has been a more strategic approach adopted on the EU/Cadmium issue with the establishment of a task-force under the umbrella of the DAFF Fisheries Market Access and Trade Section, however it has proven to be a difficult issue to progress. The EU Cadmium MRL is below the accepted world standard set by Codex, and representations to date have proven unsuccessful. There are also concerns that differences in the portions tested may lead to different outcomes, highlighting the need for technical data to support these representations. Again industry hopes to resurrect this effort are focused through SECC.

One observer suggested, “If an agency undertakes both policy and compliance responsibilities, compliance will be given priority in all situations.” In reality however AQIS does not really have the policy responsibility, and if they take issues up with a trading partner, it is likely to direct its representations to AQIS counterparts in importing countries. If the matter is taken up through those responsible at the market access level of government (DAFF Fisheries or International with their linkages with DFAT and importing country market access representatives), there may emerge a better opportunity to break the cycle.

On the other side of the coin, it is very evident that there is strong support within government for industry to take a lead in determining access priorities and developing a collaborative approach to addressing technical market access issues. In the absence of ASIC they are required to deal

with separate sector representative bodies and are often left with determining the overall seafood sector priority areas of activity.

This need for a strategic and collaborative approach will be taken up further in the next section.

Specific issues raised by regulatory agencies

6.1 AQIS

The following comments were provided by AQIS on possible technical R&D needs within the industry:

- 1) The risk assessment and development of use patterns for veterinary medicines for aquaculture. The CRC could lead the industry in the development of data packages that would allow the Australian Pesticide and Veterinary Medicine Authority (APVMA) to issue permits or even set Maximum Residue Limits (MRLs) for veterinary medicines to be used by the seafood industries. This would be valuable for the domestic market and if the import requirements of overseas countries are taken into account would be useful for export markets. This initiative would lessen the pressure to use chemicals illegally. Horticulture Australia performs such a function for the horticulture industries. Horticulture like seafood must work as a unit to develop the use patterns data packages for the APVMA.
- 2) The development of export data bases on overseas export requirement. This could include not only microbiological and chemicals standards, but also data such as animal health and environment standards.
- 3) Statistics of Australian seafood rejections show that the rejection of prawns because they exceed the European Union (EU) maximum limit (ML) is the major cause for rejections of Australian seafood. Assisting the prawn industry to meet the EU ML by analysing the factors that result in prawns accumulating cadmium, would enable the industry to develop strategies so that the EU requirements can be met. As well as the obvious factors such as size and location, there is evidence to suggest that spawning and shedding exoskeletons also influences the level of cadmium.
- 4) The domestic ML of 1.0 mg/kg for inorganic arsenic in molluscs, such as scallops, does not reflect the true level of inorganic arsenic in molluscs. Although the MLs of some trading partners are higher, under the Export Control Act, exports to countries which do not have their own standard must comply with the domestic standard. The CRC could assist Food Standards Australia New Zealand to develop a more realistic ML for inorganic arsenic in molluscs or develop a case for the removal of the standard.
- 5) Codex. All interested Australians can influence Codex and provide comment to Codex Australia on Codex standards. To become involved in the proposal of new standards, a domestic standard must be in place. For example, the Vietnamese have proposed the development of a Fish Sauce Standard in the Codex Committee on Fish and Fish Products because there are production techniques and regulation covering the production of fish sauce in Vietnam. Perhaps industry has a commodity or a process that it would

like to be developed into a Codex standard and the CRC could be involved in the development of the draft standard.

6.2 APVMA

Veterinary drugs used in aquaculture include antibiotics (90%), anaesthetics and sedatives. The legal use of drugs requires that they be registered by APVMA. At this time none are registered for use in fish and industry relies on off-label use.

A veterinarian can prescribe for off-label use, and this system varies between states. Currently this involves significant quantities of antibiotics in some sectors of the aquaculture industry. In this situation there is no knowledge of the MRL, withholding period or residue profile from the drugs use.

The other option is that users of the drug can seek a minor use permit from the APVMA. To issue this APVMA require data in order to be able to undertake a risk assessment. This is similar to the data required for a veterinary product registration. Industry resources are too limited for any one producer to seek a minor use permit.

The CRC could undertake a gap analysis to identify what drugs are needed, identify priorities and evaluate the likelihood of gaining off-label approval, or engage someone to assemble the data for a minor use permit to be issued.

6.3 National Residue Survey

The NRS is a residue service provider to industries, to assist in enabling demonstration of acceptable minimum residue levels in products to underpin access to domestic and export markets.

The current survey and sampling program in the seafood industry was established some time back and sampling occurs every financial year. Testing has continued with funding from the NRS seafood reserve fund. In time these funds will be depleted if the current program continues as no levies are currently being collected (the levy rate is currently set to zero).

Recently SECC requested a review of the program and a working group was established, but it has not progressed at this stage.

The aquaculture industry has arranged their residue monitoring for EU access through SARDI, following AQIS approval.

AQIS set the testing standards based on the requirements of overseas markets. Residues detected include cadmium, mercury and some antibiotics. Test result information is published in their annual report.

AQIS take samples when their inspectors visit seafood establishments and these are forwarded to NRS, who direct it to an approved laboratory according to the testing required. NRS specify the

level of performance required and laboratories tender to supply services and indicate the procedures/testing methodology they will use. Laboratories must be NATA accredited

6.4 FSANZ

FSANZ have recently developed the Primary Production and Processing Standard for Seafood (PPPSS), and this was mandatorily implemented through the states from May 2007.

The PPPSS sets out food safety and suitability requirements for seafood generally from pre-harvesting production of the seafood up to, but not including manufacturing operations. Businesses must identify potential seafood safety hazards and implement controls to deal with risks.

In March 2005, the FSANZ Board approved the Final Assessment Report for the PPPSS. That report contains a scientific evaluation of risk within the seafood industry and management options to minimise this risk. Preparation of the report and PPPSS involved consultation involving government (including AQIS), industry and consumers.

The PPPSS is an Australian only standard and applies to product for the domestic Australian market, including imports. AQIS have separate responsibility for exported product.

An implementation sub-committee involving state/territory regulatory agencies is overseeing uniform adoption.

Issues identified that may have relevance to the CRC R&D program on market access include:

- Anti-microbial products – their use and potential impact (both in aquaculture and wild-catch)
- MRL development technical support

6.5 Biosecurity Australia

Essentially BA only gets involved in seafood export issues when AQIS cannot provide certification. This could be due to the wording of the certificate and BA makes contact with the competent authority to seek amendment.

BA are involved with animal disease issues e.g. demonstrating freedom from a disease and there a very few animal health issues impacting on Australian seafood exports.

AQIS – Market Maintenance license exports of seafood and they deal with the exporters. BA has virtually no contact with the industry and do not see it as their role to initiate R&D.

7. Technical market access issues and priorities of the CRC end user participants

CRC end users identified a number of market access issues and priorities during the course of the project. It was not possible to discuss this with all involved and any listing must only be seen as an indication of the types of concerns that exist. They do however highlight the need for a strategic focus on addressing higher priority concerns. Separate work being conducted by SARDI will provide a more complete analysis of specific technical issues.

There are many product integrity issues that impact at different levels on the ability to establish or sustain market access. These include:

- Source, traceability and authenticity of product and verification
- Product quality, hygiene and residues
- Product handling and transportation
- Animal welfare
- Sustainability and environmental impact.

The issues and concerns raised have not been objectively prioritised as this would require wider consultation, a risk assessment and cost/benefit evaluation of the concerns, and consideration of the technical and political (resolvable) nature of the issue. Such a process should however be considered for future arrangements.

The value in the listing is in identifying specific areas where the CRC may be able to focus its activities, and hence to provide assistance in structuring the Technical Market Access program.

The accuracy of the concerns that were raised or the responsible agencies have also not been separately verified. The listing simply identifies the issue or concern.

Current issues and concerns raised in consultations include:

- Cadmium in prawns into the EU – EU MRL's are lower than those agreed within Codex. The Australian MRL set by FSANZ is based on Codex. NRS testing to the Australian MRL is not regarded as adequate for EU and import testing may identify product (particularly prawns) in excess of the EU MRL.
- The inability of Australia (AQIS) to make any progress in addressing the problem.
- The arsenic MRL is set too low. There are differences between organic and inorganic arsenic, which is not recognised in existing MRL's and testing
- Mercury is not an issue in seafood, however historic perceptions and negative publicity have maintained a stigma and human health concern that has not been corrected
- Perception amongst health professionals that seafood should be avoided during pregnancy, when it has been shown in NSW research that the opposite is the case
- Traceability of product and labelling
- MRL's need to be reviewed by FSANZ. (Refer arsenic above). In some instances, products are not registered and a zero MRL applies. In NZ if this is the case the MRL

defaults to the Codex MRL. MRL's may need to be scientifically established for these products and this should be an independent process and involve AQIS and FSANZ. CRC could provide technical support.

- EU's blanket approach to requirements whereby if one country has an issue all countries are required to test, despite absence of the concern e.g. China and dioxins
- Outdated testing requirements – China
- Lack of a standardised international approach to testing for residues in some situations e.g. testing for cadmium in prawns; testing with shell on, or the edible portion only may lead to different results
- Lack of approved veterinary products for use in the aquaculture industry
- Development and maintenance of a database on export market requirements
- EU monitoring program requirements for testing for biotoxins in Abalone are the same as for bivalve molluscs. Univalve molluscs are not filter feeders like the bivalve molluscs, yet AQIS have imposed the requirements. There was a lack of consultation with industry over the new requirements for the EU market by AQIS.
- NRS also need to consult with industry on a technically based survey testing level prior to negotiations with the EU
- Inability of government to progress what are seen as resolvable industry concerns
- Absence of industry coordination and leadership of the seafood market access priority agenda.
- Increasing complexity of regulatory issues including the assessment of toxic blooms in the Tuna industry and sustainability of catch limits
- Access to data or information on Australian product rejection overseas, compared to the situation in the meat industry, preventing timely identification of issues and research or advocacy needs
- Lack of facility to urgently focus research onto market access issues to support negotiations and representations to importing country officials.
- Inconsistency in application of the national Food Standards Code between state/territory jurisdictions and by AQIS. Ideally AQIS should adopt the national code and then focus on any specific additional importing country requirements
- Lack of an industry contact point or interface between industry and government on access issues
- Cost of testing e.g. biotoxin and the need to aggregate samples to get economies of scale
- Development of a standardised certified integrated audit arrangement, that is accepted across jurisdictions

Future concerns include:

- Increasing imposition of retailer requirements that are intended to bolster the retailer's environmental credentials. These may require verification or accreditation to be in place
- Environmental requirements such as reducing the carbon footprint, with "food miles" and the linkage to labelling requirements - becoming more an issue
- Environmentally sustainable production systems
- Animal welfare

- It is government policy to advance Australia's trade agenda through initiating FTA's with trading partners. It is an issue for industry as to how to manage the industry input to government on these FTA's.
- The importance of establishing international networks outside of government to enable information sharing, identification of future technical market access issues and co-operative R&D or representations on unreasonable access requirements.

It is also apparent that some seafood industry sectors (SRL) do not see immediate benefit for their industry in the CRC focusing on technical market access issues. They do however see the need for a concerted effort on tariffs and other trade barriers.

8. Relevance of the assessment to Seafood Australia CRC's Market Security Program

8.1 CRC Market Access Program Structure

It is apparent from the above that there are a number of areas where the Seafood Australia CRC can make a valuable contribution to improving market access for seafood. These areas are not unlike the eight key programs identified in the Safemeat strategic approach and for seafood may be categorised as follows:

- 1) Market access agenda management
 - Establishment of a TMA framework
 - Establishment of priority setting process
 - Progressing agreed priorities
 - Identifying and proving arrangements to involve non CRC members on a user pays basis and identifying structurally sound options for the future beyond the life of the CRC
- 2) Issue Research
 - MRL review
 - Residue research and risk assessment, including a rapid response capability
 - APVMA minor use permits
- 3) Creating market advantage
 - Correcting negative and incorrect perceptions
 - Progressing strategic opportunities, such as taking advantage of Australia's favourable environmental/sustainability credentials
- 4) Technology development
 - Testing and traceability technologies
 - Systems development for meeting identified future issues
 - Lower cost testing regimes
 - Demonstrating improved testing methods
- 5) Information, communication and Issue response planning
 - Export requirements database
 - Industry communications
 - Emergency response planning
 - Developing and maintaining international networks

These categories could form the basis of the CRC's market access program.

8.2 Further Comments on Market Access Agenda Management

In the assessment of the approach adopted in other agriculture and food industries above, the importance of an effective market access framework was emphasised. It is the conclusion of this assessment that the establishment of such a framework is an important issue and priority for CRC end users.

The existence of such a framework will significantly assist the CRC in being able to:

- Provide a structured approach to addressing technical market access issues
- Determine technical market access R&D priorities
- Ensure an agreed strategic approach to addressing technical market access issue
- Involve and respond to the needs of appropriate government agencies in addressing the issue
- Involving industry peak bodies in a collaborative approach to addressing the issue

Broad concept for consideration

It was concluded earlier that the Horticulture industry has arrangements that may provide a model for the seafood sector. In the absence of an over-arching industry body such as HAL, it would be appropriate for the CRC to liaise with relevant industry bodies such as SSA, NAC and SEA to facilitate the establishment and operation of a similar framework targeting the needs of CRC end users.

This framework would ideally involve the creation of an industry driven Seafood Market Access Committee (SMAC), with appropriate industry membership to reflect the participants of the seafood industry, CRC, DAFF, AQIS, FSANZ, NRS and a representative of state regulatory agencies. It would be critical to the operation of SMAC that it gain industry support and government recognition as the market access interface between the seafood industry and government.

SMAC could be chaired by a nominee of the CRC to reflect the CRC's Technical Market Access program responsibility, with a part-time co-ordinator funded by the CRC to manage the operation of SMAC. The co-ordinator would be the industry focal point on access issues and progress implementation plans between meetings.

Criteria could be established to provide the basis to agree priority market access issues to be addressed through the committee processes. These criteria could include a risk assessment and cost/benefit evaluation of the issue and consideration of the technical and political nature of the issue. The objective being to establish that there is a sound business case for the CRC to invest in addressing the issue.

A market access strategy and implementation plan could then be adopted for each priority. This would be progressed in co-operation with the relevant industry representative bodies, CRC industry participants (if different) and government.

Impending changes to a countries requirements may arise that highlight a need to undertake urgent research or surveys to identify potential impacts and possibly to enter negotiations to

avoid or amend the change. This would require the process to be proactive and be able to initiate the appropriate response within a very short time frame.

Concerns regarding corporate memory in government emphasise the importance of industry establishing processes that are ongoing and resilient, and capable of carrying an issue through without dependence on one individual in government or elsewhere.

Applications for industry membership on SMAC could be invited from suitably qualified or experienced end user participants or other well qualified industry people to ensure practical industry involvement in the process. A seafood technical reference group (STRG) would also need to be established as a consultative forum, to comment and provide advice or input to SMAC as required. The STRG would also recommend appropriate R&D to assist in progressing market access issues.

With Seafood Australia CRC likely to be providing the resources underpinning the operation of SMAC, the emphasis would be on access issues of significance to CRC participants. In time, when operational arrangements are proven, it may be appropriate to invite involvement from non participants on a user-pays basis.

8.3 International Trade and Market Access CRC Participants Forum

It has been proposed in the initial CRC Program Summary, that the CRC establish and facilitate an International Trade and Market Access CRC Participants Forum, to identify and prioritise investment in issues/goals common to all sectors.

Such a forum would be valuable in:

- Endorsing/launching the SMAC framework
- Contributing to identification of technical market access research priorities, impediments and opportunities
- Initiating a gap analysis focused on the impediments and opportunities
- Initiating the STRG. The CRC Program Summary also referred to the establishment of a CRC Technical Market Access Expert Panel, and the STRG is envisaged as fulfilling this function.
- Identify state and federal industry and government resource capabilities as the basis for an ongoing co-operative support network
- Providing a future broad industry consultative forum on the work of the CRC on market access issues

8.4 Suggested next steps and indicative timings

- 1) Liaison with other key industry groups, including NAC, SSA and SEA on the suggested approach and gain agreement in principle to proceed
- 2) Establish a CRC trade access interim committee involving nominees of these groups to:
 - Provide immediate input on CRC technical R&D activity

- Develop the SMAC concept and implementation plan including structural detail and operational arrangements in consultation with participants and government
- Initiate the International Trade and Market Access Participants“ Forum for 2008

Appendix - 1

Consultations

The following people were consulted in the course of this project

Dr Len Stephens – Managing Director Seafood Australia CRC
Andrew Pointon – Principal Scientist SARDI
David Padula – Research Scientist SARDI
Roger Edwards – President Sothern Rocklobster Limited
Andreas Clarke – Australian Wine and Brandy Corporation
Jim Fitzgerald – DAFF Manager Fisheries Market Access and Trade
Dr Patrick Hone – Executive Director FRDC plus Justin Fromm and Matthew Barwick
Project Managers FRDC
Glen Hurry – CEO AFMA
Robert Herd – Manager Aquatics Section Biosecurity Australia
Mark Schipp – Technical Standards General Manager AQIS
Helen Dornom – Technical Issues Portfolio Manager Dairy Australia
Simon Bennison - CEO NAC
Scott Walter – Executive Officer APFA
Ted Loveday – Managing Director Seafood Services Australia
Col Bishop – Business Development Seafood Services Australia
Neal Harris – Global Seafood’s and ACPF
David Crichton – A Raptis & Sons and ACPF
Andrew McCallum – Manager Trade & Market Access MLA
John Webster – Managing Director HAL
Peter Franklin – CEO Commonwealth Fisheries Association
Jim Derek – Manager Animal Programs NRS
Craig Burns – DAFF International Division
Scott Mitchell – Director Trade Policy NFF
Ian Nightingale – PIRSA Executive Director
Richard Stevens – Research and Business Improvement Manager WAFIC
Martin Holmes – Executive Member Veterinary Medicines Division APVMA
Peter Dundas-Smith – Chairman Seafood Australia CRC
Melanie Fisher – General Manager Food Standards FSANZ