

## Middle East Sheep Exports Policy Options Discussion Paper

I am a mixed farmer with sheep. I am also a grower involved in our farm improvement group (Merredin and Districts Farm Improvement Group – MADFIG). MADFIG is running a project called “Identifying investment opportunities in the sheep meat supply chain for flexible adaption of eastern wheatbelt farm businesses”. Part of this project involved a study tour to the middle east in 27<sup>th</sup> July to 4<sup>th</sup> of August 2019. We were interested in the supply chain of sheep as livestock and meat to markets in the region. We travelled through Qatar, UAE and Jordan with the assistance of Meat and Livestock Australia (MLA). The group included growers, a DPIRD officer, an economist and people from industry representative bodies.

Our key messages from the trip are as follows:

1. The Middle East is a complex and diversified market which shouldn't be considered as a whole. It is made up of different countries, climatic conditions and economies wanting Australian sheep meat across the various supply chains of chilled, frozen and live to meet the immense demand, whether this is for traditional meat for ceremonial purposes through to high-end products in retail or food service.
2. The market craves sustainable and consistent supply to meet the needs of increasing demand. Reliability in supply of product, whether that is chilled, frozen or live animal, is essential to build and maintain trust and continued trade in the market. Listening to what the market wants and working with government to achieve this.
3. Brand Australia is well regarded and a trusted source of protein in the Middle East. However competition in the market place is growing and will be actively sourced if Australia cannot provide reliable and consistent product to the market.
4. Building relationships and trust between stakeholders for business transactions is highly regarded, the presence of MLA and their people underpins the trust in the marketplace for Australian sheep meat (and beef) products.

The Options in the discussion paper need to be highlighted below through the eyes of our knowledge and experience.

Option 1: Three month prohibition. This is seeing a loss of market share in the countries we visited. Boats are still coming from South Africa and Romania in the time that we were present in the Middle East. There is not an improvement in animal welfare outcomes as a result of Australia's withdrawal for 3 months. It also results in stockpiling of livestock before the prohibition period. The sheep in the picture below were off the last ship to leave Western Australia before the 3 month ban starting in May. They arrived on the 10<sup>th</sup> of May and were viewed on the 1<sup>st</sup> of August, in perfect health in a

Jordanian feedlot (Hijazi & Ghosheh near Al Aqaba).



Option 1 has also seen the price of all sheep meat received in Western Australia fall dramatically during this period. Mercardo analysis proves this (<http://www.mecardo.com.au/commodities/sheep/analysis/wa-farmers-lose-and-animal-welfare-standards-drop.aspx>) To say that there is minimal further impact on the domestic industry is not correct. The live sheep trade underpins all sheep meat trade in Western Australia. This has seen a price drop in sheep in the local community. This is damaging locally and internationally.

The Arabian Gulf is extremely hot and humid during this 3 month period, the importing countries are satisfied with the prohibition period. As their losses have also dropped as a result. Jordan and Israel are different being on the Red Sea the humidity is considerably less, and livestock handle the travel a lot better.

Option 2: Apply the 2019 prohibition period. This extension period has a negative effect on our supply chain domestically and in the Middle East. Remove this idea quickly. The local community lost considerable income during this time. With the changes put on the market so quickly a higher percentage of wether lambs were slaughtered, putting downward pressure on sheep meat pricing. Trucking companies moved less sheep, livestock companies had less options to sell to, farmers had to feed more sheep for a longer period of time as there was a lack of winter feed and reduced markets to sell into. The live trade underpins all domestic and export sales. 178000 head of livestock to the middle eastern countries in May (inc Qatar's numbers in April) were exported. This resulted in 675,000 stock not sold during this time (3.75 times 178000). Financially \$24,085,000 value of livestock was not sold during May hence \$90,318,750 was not put back into the local communities during the 3.75 month prohibition. No new abattoirs were installed during this time domestically in

WA and Fletchers still had their winter recess. Livestock prices were lower in WA than eastern states markets. WA exports more than the all other states combined. This industry is required here in WA.

Option 3: Adopt a revised HSRA model. This will only confuse the market in the Middle East. Our suppliers do not need any more regulatory confusion.

Option 4: No prohibition. Qatar in the Arabian Gulf has high humidity and temperature in its feedlot facilities close to the coast. Widam are taking steps to relocate its facilities inland to drop the humidity 8 to 10% to improve sheep welfare outcomes. Widam is happy with the 3 month prohibition at present as they are losing less livestock through heat stress. The change in their facilities location may increase welfare outcomes in the future, so do not rule out reviewing any decisions into the future for Qatar.

**OPTION 5:** Split the Middle East up, the Red Sea has different climatic conditions to the Arabian Gulf destinations. Carry on selling to the Red Sea destinations throughout the 3 month period with no prohibition. Continue the 3 month moratorium in the Arabian Gulf (IE Kuwait, UAE and Qatar). The humidity in Qatar we experienced was not pleasant at all. But the dry heat of Jordan was fine, just like an Australian summer. The journey gets the sheep acclimatised, in fact better than people on a plane doing the same journey, going from our winter to their summer. The heat stress model needs to consider the weight change of livestock. If the sheep are maintaining or increasing their weight then what stress are they under? This should not mean a raise in standards for exporters, but should only be used as a means of assessing stress. Time is required to assess the present space requirements on livestock shipping.

All buyers of Australian sheep that we talked to wanted certainty in the regulatory space. They are willing to invest further in their facilities and logistics, but they will not spend their capital if there is sovereign risk on Australia's side with moving goal posts.

All air freight is presently utilised going to the Middle East. Only live and vacuum packed frozen/chilled meat from Australia have capacity to increase in volume given that their demand for meat is only increasing. For religious reasons the Middle east will continue to require live animals even though some change has occurred in their purchasing patterns through time and each country is different to each other in this regard.

Data to collect: I would suggest that a sample of sheep or the whole cargo is weighed. On and off the livestock carrying vessel. Then stress will be evident or the lack there of!

Regards

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