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Submission to the Department of Agriculture

Agricultural Export Regulation Review

September 2015



JBS Australia is Australia's leading meat processor, marketer and exporter, supplying the finest grass and grain fed meats to export and domestic customers for more than 20 years. With approximately 12,500 employees spread across Australia. JBS Australia exports to more than 50 countries around the world. The majority of JBS Australia's operations are in rural and regional Australia.

Primo Smallgoods was recently acquired by JBS Australia and is the leading manufacturer of smallgoods or value-added processed meats in Australia. Incorporated in 1985, Primo has become a household name with close to 4 out of 10 Australians buying its major brands, Primo and Hans. It employs 3,200 employees, and manufactures approximately 120,000 tonnes of smallgoods a year.

Primo's long-standing commitment to premium quality, delicious taste and innovation has made it what it is today, equipped with world-leading production technology, state-of-the art facilities and passionate people who strive to make only the best.

Under the JBS' leadership, Primo is envisioned to grow the category to greater heights and continue to delight its customers and consumers with a fresh brand story, innovative new products and excellent customer service that will fulfil their changing needs.

The following provides a response to the Review from JBS Australia and covers both our red meat processing and Primo smallgoods and value adding operations.

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**What does the future look like?**

<p>What are the emerging export related challenges or opportunities for your business over the next 5, 10,, 20+ years?</p>	<p>In the red meat space (beef and lamb), the increasing technical barriers to trade (non-tariff).</p> <p>Market access risks around Australia having several post mortem inspection system models (Tier 1, US, non US, EU, third party, DAFF).</p> <p>Improved access to markets (especially growth markets of Asia and Middle East) through FTA arrangements.</p> <p>Scope for greater access to the EU through an FTA.</p> <p>Streamlining and delivering integrity and a more cost effective Halal certification process, which does not compromise market access.</p> <p>Expanding global access for Australian made further processed meat products.</p> <p>Rapidly meeting the demands for supply and innovation of component utilisation and manufacturing technology.</p>
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Further processed meat includes a wide variety of manufacturing strategies that challenge the export system:

- single-species products (e.g. Ham),
- multi-species products (e.g. Saveloys with Beef, Pork, Poultry meats); and
- multi-commodities products (e.g. cooked beef and cheese patties).

Opportunity exists for Australians to transform and further value add imported pork here for re-exporting internationally. This process provides for Australia to be more cost competitive. We see Asian markets continuing to be opened up for western cuisine through the expansion of Quick Service Restaurants and Retailers (e.g. Tesco has an arm in the Republic of South Korea [Home Plus]). These food industry sectors are already clients of Australian further processors in Australia, Europe and North America. Enquiries we have received confirm that these clients are seeking products that they are familiar with as well as seeking innovation in cost control through formulation and or manufacturing processes.



The rapid exchange of commercial information demanded domestically is the same pace as we experience internationally.

The burden further processors face is a lack of flexibility in current regulation to permit movement of further processed meat products off shore.

**Example:**

***The export options listed for meat products including pork into Japan in MICoR permit the use of pork in a variety of combinations from a variety of nations nominated by Japan.***

***Australian pork can be mixed with 29 of these imported sources to make further processed products competitively priced in the Japanese markets.***

***Australian beef can be mixed with 1 of these same imported sources to make further processed products such as salami.***

At the same time when further processors are looking to meet client demands to innovate by safely combining multiple species the restrictions in place through prescription of the application of the controls need to be reviewed on a case by case, product by product, destination by destination basis. This is a tremendous burden on innovation, the competitive opportunities of companies and the regulator themselves.

<p>To what extent would current export regulation make these challenges harder, or restrict you from pursuing opportunities.</p>		<p>Inflexible health certification.</p> <p>Reliance on importers to negotiate through importers with foreign governments without a basic starting point in the intent of the health certificate.</p>
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In the case of value added product, Health Certification takes many forms to express similar sanitary and phytosanitary facts to support the product made in Australia will not harm consumers in destination.

When a further processor locates a market niche not covered by the current system there is expectation that they will work through their importers to the foreign government regulator to obtain suitable variation and understanding. This is ideally expressed as an import permit or alternately a letter from the foreign regulatory agency that describes what the importer is trying to do. This same process has the potential to produce the



scattergun series of prescription seen currently in MCoR as specific interests of individual companies will drive the regulation rather than building a flexible option open to small and large companies.

**Increasing flexibility and enabling innovation:**

<p>What do you see as unnecessarily regulation (or 'red tape') when exporting?</p>		<p>The lack of matching import regulation with export regulation options.</p> <p>The cost burden of the export system (\$80 million DAFF Meat Program, cost of third party inspection and cost of halal – total of around \$130 million to the industry per annum).</p> <p>Duplication and impact of state based regulation and costs on an export industry.</p> <p>Significant cost burden of the proposed country of origin labelling requirements, especially on the smallgoods business (Primo).</p> <p>Complexities, costs and market access risks of the Australian halal system and different requirements for each importing country.</p> <p>The inability of the Government to negotiate workable and transparent market access arrangement. The Australian Industry must have export arrangements in place which are science based and WTO compliant. Importantly there must be clear prescribed processes for dealing with market failure and re-listing of establishments.</p>
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From the Primo smallgoods perspective we expect if it is possible to export meat products from imported meat supply then the imported supply needs to recognise and control the option of processing for export. Resolution of this barrier will have the potential to deliver growth opportunities for Australian smallgoods manufacturers in key export markets.



Can you identify any improvements, initiatives or technologies that would make exporting easier for you?		<p>Stop the country of origin statement defining the format of the health certificate.</p> <p>Broader acceptance by importing countries of electronic health certificates.</p> <p>Removal of the 'port mark' system by the US and full acceptance of the EAN barcode system covering consignments. Current port mark system results in the costs through rejections of cartons.</p>
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Exporting further processed meat products is regulated by different health certificates based on origin combinations rather than by one certificate with different statements of origin.

A generic certificate designed to list the product details, sanitary and phytosanitary statements and origin from imputed fields would create flexibility and support innovation. This would include building products from multiple species from multiple sources.

This would also permit products made in Australia for Australians to be exported to countries that would accept Australian supermarket products.

The regulatory control could be modified along the lines of the following statement at the end of the statements:

*I certify to the best of my knowledge the information supplied on this form is true and correct in every particular detail.*

**Cooperation and communication:**

Are there activities in the export process the department currently undertakes that your business could manage?		No comment.
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What information about exporting and export regulation does your business need? How would you prefer to receive this information?		Changes to market access and regulation.  Electronic dissemination to the key persons within the exporting business.
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Changes need to be communicated direct to the business. Recognising that people change in organisations; this communication channel would be best served by a non-personal email address per registered export establishment.

We see value in having a direct discussion with the Department to discuss issues raised in our submission and look forward to a suitable time being arranged.

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