

Why the Australian live sheep trade **can** be phased out

1. Most Australian sheep farmers do not live export. Nearly 95% of the sheep 'turned off' in Australia each year are processed domestically for export and domestic markets.
2. The numbers of live sheep exported to the Middle East have diminished by 60% in just over a decade. It is a trade in terminal decline.
3. As the number of live sheep exported has reduced, the price of sheep has risen in Australia.
4. Sheep prices are underwritten by international commodity prices as confirmed by the ACCC and the Commonwealth Department of Agriculture. Live exporters pay a premium for a certain type/weight of sheep that relates to only 5% of the market.
5. The export of live sheep from the Eastern states (via Portland, Victoria) has stopped over the past two years. The price of sheep is higher than ever – showing that live exporters do not need to be in the market to underpin prices.
6. Middle East customers are now showing a clear preference for Australian fresh bagged lamb and mutton carcasses, which are flown in daily in the holds of Middle Eastern airlines
7. Last year, nearly 2.6 million fresh Australian lamb and mutton carcasses were flown to Middle East destinations, with customers recognising it as a superior product. Another 1 million chilled and frozen carcasses were sent to the region by sea.
8. Middle East customers are now buying their meat products in air-conditioned supermarkets in shopping malls. Wet markets are now a rarity.
9. The demand for fresh and chilled Australian sheep meat products in the Middle East is now 3 times greater than the demand for live sheep.
10. The remaining demand for live sheep is driven by importing government food subsidies (widely recognised as unsustainable) and the commercial 'value-adding' benefits to local meat processing companies – benefits that are being lost to the Australian meat processing industry.
11. When Bahrain removed food subsidies – live imports stopped and Australian fresh bagged carcass and chilled and frozen boxed lamb and mutton took over the market completely.
12. There is more than enough spare processing capacity to absorb the 1.6 million sheep exported from WA last year and there is still enough spare capacity to process a further 1.4 million sheep.
13. Global market access for Australian sheep meat has been expanding each year. Markets already exist and are growing for sheep redirected away from the live export trade.
14. Government-funded packages are not uncommon in the agricultural industry. In recent years, well over \$2 billion in structural adjustment assistance has been provided to the dairy, sugar and tobacco industries, to name a few.
15. Any government adjustment package would be 'repaid' to the economy via increased employment in the meat processing sector.
16. The figure projected by the WA Farmers Federation regarding a potential \$80 million to \$150 million dollar loss was misleading as it assumed there was no alternative market for these sheep. Sheep not going into the live export market can be sold into the domestic or meat export market. The true figure is an adjustment between the premium they receive from exporters and local prices which are historically high.
17. The trade itself is unsustainable. Its day-to-day operations are breaching international standards, Federal regulations and state animal welfare laws. Currently we have export companies that are facing prosecution being granted further export permits.
18. The Department of Agriculture has, to this time, effectively been granting export permits unlawfully. If current laws are upheld, shipping in the Middle Eastern summer months will cease and a 50% stocking density reduction is required to meet standards in all other months. Both these measures would serve to accelerate the transition to boxed and chilled meat exports. This is an opportunity for the government to implement an orderly and well-managed transition for producers.