



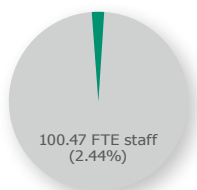
Craig Burns



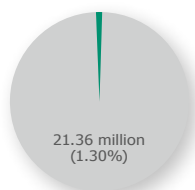
Rob Delane



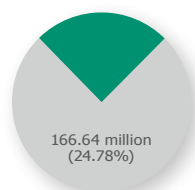
Access to markets 1.3



People



Administered funds



Departmental funds

Output 1.3 contributed to the department's outcome by maintaining and improving international market access opportunities for Australia's agricultural, food, fisheries and forestry industries. The department's overseas agricultural network plays a vital role in achieving these objectives. Our overseas staff are key contact points between the department and Australia's major agricultural trading partners and international organisations.

In 2008–09, Output 1.3 was delivered by the Trade and Market Access Division, Biosecurity Australia, the Australian Quarantine and Inspection Service (AQIS), and the Product Integrity, Animal and Plant Health Division.

Highlights

- Advanced free trade agreement feasibility studies and negotiations with key major trading partners, including Japan, China, Korea, India, Indonesia, Malaysia and the Gulf Cooperation Council.
- Achieved new or improved access for many Australian commodities—including horticultural products, grains, meat, live animals, wine and seafood—in a wide range of markets.
- Initiated development of a food safety auditor competency framework to facilitate flexible audit and service delivery options.
- Engaged successfully with Indonesia and other South-East Asian countries to ensure effective deterrence measures for illegal foreign fishing vessels, resulting in a significant reduction in the number of vessels apprehended in Australia's northern waters—from 156 in 2007–08 to 27 in 2008–09.
- Secured agreement from the Commission for the Conservation of Southern Bluefin Tuna to allow only legally sourced product to access markets, and to develop and implement a rebuilding strategy for the southern bluefin tuna stock.
- Defended Australia's quarantine measures for New Zealand apples in a World Trade Organization (WTO) dispute taken against Australia by New Zealand (the final ruling is expected in the first quarter of 2010).
- Secured adoption by the Western and Central Pacific Fisheries Commission of a binding measure to reduce catches of bigeye tuna and yellowfin tuna, and their agreement to implement a centralised vessel monitoring system from 1 April 2009.

Trade opportunities

Ensuring full benefit from World Trade Organization agreements

The multilateral trading system relies on the transparent and predictable implementation of commitments by WTO members. The department actively monitored export markets, market access conditions, behind-the-border measures and competitors' trade policies to identify inconsistencies with WTO agreements. This work assisted Australia's dairy, beef, sugar, grain, horticulture, wine and sheepmeat exporters by informing our bilateral discussions and engagement in multilateral WTO processes.

We also provided advice on changes to Australia's agricultural programs to ensure that they continue to be consistent with our WTO obligations.

Protecting Australia's interests in agriculture-related disputes

We continued to pursue portfolio industries' interests through participation in the WTO dispute settlement system.

We continued to defend Australia's quarantine measures for New Zealand apples in a WTO action against us by New Zealand. New Zealand alleges that the quarantine measures in our risk analysis are not sufficiently supported by scientific evidence and are too trade restrictive. The department contributed to two major submissions and other technical and scientific material submitted to the WTO panel hearing the dispute. We worked closely with the Department of Foreign Affairs and Trade (DFAT)—the government's lead agency in WTO disputes—and the Attorney-General's Department. A final WTO panel ruling is expected in the first quarter of 2010.

We continued our third-party participation in the long-running EU-US/Canada beef hormones dispute. In May 2009 the US and

the European Commission signed a memorandum of understanding (MOU) that represents a first step towards resolving the dispute. It provides for a new tariff quota for high-quality beef to begin in August 2009. This will be duty free and applied on a most-favoured-nation basis. We pursued official-level talks with the EU to ensure the new quota will be applied on a genuinely most-favoured-nation basis.

We also participated as a third party in Brazil's continuing action against US subsidies on upland cotton, and in US action against the European Commission over the prohibition of poultry treated with chlorine to prevent contamination. In the past Australia has unsuccessfully sought European Commission acceptance of the use of decontaminant washes for meat.

We are closely following a number of other dispute cases to ensure that Australian agricultural producers and exporters are not adversely affected by the outcomes. These include the EU's action against India's wine and spirits import regime, Canada's action against Korea's import policies on beef, and China's action against the US on poultry.

Participating in the Doha Round

A successful conclusion to the WTO Doha Round of multilateral trade negotiations remains the Australian Government's highest trade priority. DAFF continues to work closely with DFAT, which has primary responsibility for engagement in the Doha negotiations.

In 2008–09 the department continued to participate in the agriculture and rules negotiations. We advocated for Australian agriculture, fish and forest interests, with the aim of ensuring that Australian negotiators secure the best deal possible for our industries. We regularly informed all state and territory governments of developments and sought their input on negotiating positions. We also maintained close dialogue with agricultural industries on aspects of the Doha Round.

We supported DFAT's activities concerning Australia's participation in the Cairns Group—19 countries with a commitment to reforming agricultural trade and influencing the outcomes of the Doha Round.

Prioritising portfolio interests in negotiations

We ensured that the Australia–EU Partnership Framework, launched in October 2008, reflected portfolio interests in its measures relating to agricultural trade; the sustainability of agriculture, fisheries and forestry industries; and sanitary and phytosanitary issues.

In February and May 2009 we engaged with the UN Commission on Sustainable Development to negotiate policy recommendations on agriculture, drought, rural development, land, desertification and the special development needs of Africa.

Representing the south-west Pacific region on the Bureau of the International Treaty on Plant Genetic Resources for Food and Agriculture, we promoted Australian and regional interests and helped ensure the ongoing viability of the treaty's multilateral system. This facilitates plant breeders' access to the material needed to develop new varieties.

The department continued to support the UN Food and Agriculture Organization (FAO) reform process that culminated in the approval in November 2008 of an immediate plan of action to implement major reforms. We contributed to the development of a new strategic framework for the FAO emphasising the importance of facilitating agricultural trade through its standard-setting work, particularly on food safety and plant protection. We are also participating in the revitalisation of the FAO Committee on World Food Security.

DAFF officers in Brussels, Paris, Washington and Rome represented portfolio interests at multilateral meetings, including in the Organisation for Economic Co-operation and Development (OECD), the FAO and the UN Commission on Sustainable

Development, and in implementing the International Treaty on Plant Genetic Resources for Food and Agriculture.

Maximising market access through current free trade agreements

We pursued Australia's top four priorities for market access to the US under the Australia–US Free Trade Agreement—cherries, mangoes, lychees and stone fruit. We continued to press the US to finalise access for ruminant animals, following a 2006 assessment of Australia's bovine tuberculosis status. We continued negotiations on an irradiation framework that would permit exports of irradiated fruit and vegetables to the US. Our officers in Washington DC worked to advance these and other trade matters and build on our bilateral agricultural relationships, including with the new US administration.

We continued to monitor the implementation of the Thailand–Australia Free Trade Agreement, especially through the Expert Group on Sanitary and Phytosanitary Measures and Food Standards.

Under the Australia – New Zealand Closer Economic Relations Agreement (CER) we continued to pursue better market access in New Zealand, including at a CER meeting in August 2008. Our priorities included stone fruit and in-transit cold disinfestation. Discussions with New Zealand also covered other biosecurity and quarantine market access issues, including access for New Zealand apples and Australian honey, and New Zealand's request for an exemption to the bovine spongiform encephalopathy (BSE) certification requirements for beef. Illegal logging in the region was also discussed.

Negotiating new free trade agreements

We participated in the negotiation of the Australia–Chile Free Trade Agreement, which entered into force in March 2009. It provides for the immediate elimination of Chile's tariffs on all meat and wine

products, as well as on certain priority dairy products. We secured an undertaking from Chile to recognise Australia's beef grading systems in the first year of the agreement. Negotiations for an MOU to achieve this began in early 2009. The free trade agreement will also give Australian agricultural exporters tariff parity with or better conditions than competitors such as the US and New Zealand.

The Association of Southeast Asian Nations (ASEAN) – Australia – New Zealand Free Trade Agreement was signed by ministers in February 2009 and is expected to enter into force in late 2009 or early 2010. The negotiation was protracted and complex because of the parties' widely differing economic development status and trade interests. The agreement locks in a series of gains—including tariff reduction and elimination commitments—for Australian farming, fishing and forestry industries. Importantly, it will provide greater certainty for Australian exporters supplying the ASEAN market and will help to free up the movement of food across our region. The agreement provides good gains for dairy, meat and grains, and some opportunities for wine and spirits.

No negotiation rounds were held for the Malaysia–Australia Free Trade Agreement in 2008–09. Now that the ASEAN agreement has been concluded we hope to reinvigorate the negotiations in the latter half of 2009.

We participated in free trade agreement negotiations with China in September and December 2008. Our work included analysing China's market access and textual proposals to determine their likely impact on portfolio industries, and developing counter-proposals. We worked closely with our officers based at the Australian embassy in Beijing to develop briefing material on market access, sanitary and phytosanitary measures, technical barriers to trade, non-tariff measures and rules of origin.

We participated in two rounds of negotiations for the Australia – Gulf Corporation Council Free Trade Agreement in the first half of 2009. Useful progress was made in a number of important areas, including goods, sanitary and phytosanitary measures, and rules of origin.

We participated in negotiation rounds for the Australia–Japan Free Trade Agreement in July and October 2008. We collected and analysed industry interests to provide briefing material on market access, sanitary and phytosanitary measures, technical barriers to trade, food supply and rules of origin. We developed counter-arguments and gained a more comprehensive understanding of Japanese agricultural industries (wheat, barley, sugar and rice) and import systems.

We participated in preparatory talks for the Australia–Korea Free Trade Agreement in October and December 2008, and in the first round of negotiations in May 2009. We developed targeted questions for the preparatory talks to elicit more detail on Korean agricultural practices, industries and import systems. We also provided briefings and answers to Korea's questions on Australian agriculture to form a solid platform for negotiations. Supported by our officer based in Seoul, we developed research papers and trade statistics on commodities of interest and commodities considered sensitive by Korea.

We contributed to the progression of the Australia–India Free Trade Agreement Feasibility Study. Our work included participating in the August 2008 joint study group meeting in New Delhi. Australia and India expect to complete the joint feasibility study by the end of 2009.

We contributed to the Australia–Indonesia Free Trade Agreement Feasibility Study, which was finalised in February 2009.

International standards

Contributing to international standard-setting activities through international organisations

We engaged actively in negotiations in the WTO Committee on Sanitary and Phytosanitary Standards to ensure that Australia's interests were reflected in:

- progress in discussions on private standards and the issues raised in the third review of the operation and implementation of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures
- New Zealand's procedural manual for sanitary and phytosanitary national notification authorities and inquiry points.

The department led Australian participation in negotiations through the FAO for:

- the development of a legally-binding agreement on port state measures to prevent, deter and eliminate illegal, unreported and unregulated fishing (expected to be finalised in 2009–10)
- the development of international guidelines for aquaculture certification, which will set minimum standards for aquaculture production globally and accepted best practice (expected to be finalised in 2009–10)
- final agreement on the International Guidelines for the Management of Deep-Sea Fisheries in the High Seas, which will improve protection of vulnerable marine ecosystems from any significant adverse impacts of fishing activity.

We also led Australia's negotiating efforts to secure agreement at the Commission for the Conservation of Southern Bluefin Tuna to implement strengthened catch and trade documentation standards to reduce the opportunity for southern bluefin tuna products derived from illegal, unreported and unregulated fishing to enter the marketplace. The new standards will come into effect in 2010.

The eCert data standard and message structure was approved as an international standard by the UN Centre of Trade Facilitation and Electronic Business. This will aid Australia's implementation of electronic data exchanges of export certificates for traded agricultural products.

Australia continued to play a strong leadership role in the development of international food standards for food import and export control systems, contaminants, pesticide and veterinary drug residues, milk and milk products, fish and fishery products, and other processed food commodities. Through participation in the Codex Alimentarius Commission, Australia can help to ensure the development of science-based international standards that protect consumers and promote fair trade. Through Australia's chairing of the Codex Committee on Food Import and Export Inspection and Certification Systems, AQIS can help to ensure development of standards that harmonise and facilitate trade in food and food products.

The AQIS Grain and Plant Product Export Program manages the Australian Wood Packaging Certification Scheme for exports to meet Australia's obligations under the international standard for wood packaging. Following amendments by the International Plant Protection Convention Standards Committee to ISPM 15 (guidelines for regulating wood packaging material in international trade), we revised the scheme in 2008–09 to meet Australia's international obligations under these new requirements. During 2008–09, 17 additional facilities were certified under the scheme, bringing the total to 198.

Australia's involvement in the World Organisation for Animal Health (OIE) continued in 2008–09. Several Australian proposals on OIE animal health standards were adopted during the 77th General Session of the OIE in May 2009. Details are provided in Table 8 on page 80.

Encouraging standards that facilitate trade in Australian products

In addition to working in multilateral organisations to facilitate establishment of standards that support trade in Australian products, the department works with individual countries as issues arise.

In 2008–09, we provided technical information to Japanese and Taiwanese authorities to assist in the review and development of maximum residue limits in food and stockfeed. In consultation with the Australian Pesticides and Veterinary Medicines Authority, we provided a number of submissions to both countries to support residue limits that are aligned more closely with Australian standards and will facilitate trade. This process will continue over the next one to two years.

Technical market access barriers and opportunities

Identifying and targeting bilateral market access opportunities or threats

Responding to technical barriers to export remains an ongoing focus in advancing Australia's agricultural, fisheries and forestry trade interests globally.

Market access achievements in 2008–09 included:

- finalising the health standard for the import of lychees into New Zealand in November 2008, in cooperation with Biosecurity New Zealand, allowing trade to start
- gaining new or improved conditions for trade in citrus to Taiwan—in October 2008, Taiwan advised that, effective immediately, Australia could export citrus (grapefruit, tangerine, tangelo, mandarin and sweet orange) using 3°C cold treatment for 20 days
- securing the opening of a slaughter cattle trade to Vietnam
- resolving India's requirements that milk be free of oestrogen and bacterial toxins, which resulted in the resumption of the

export of dairy products to India in early 2009 (the trade was worth \$6 million per year before it was suspended in November 2003)

- establishing many new horticultural export markets, including carrots to Korea, mainland cherries to the US, foxtail palm seed to Brazil, olive cuttings to Argentina, millet seed for sowing to Bolivia and lucerne to Ecuador and Peru
- negotiating an MOU between AQIS and its Russian counterpart in December 2008, and gaining access for five fish establishments to the Russian market
- gaining access and developing agreed certification for high-quality beef exports to Switzerland, a trade that was not previously open to Australia
- successfully negotiating with the US Food and Drug Administration to exempt Australia from rules applying to animal food and feed in view of Australia's negligible BSE risk status
- negotiating new certification and removing a barrier to trade allowing resumption of beef exports to Brazil in January 2009
- gaining access for chicken meat to Fiji in July 2008 for canning
- negotiating market access for ovine placental powder to Korea in February 2009.

The department supported existing trade in 2008–09 by maintaining access to markets and improving quarantine measures for Australian exports. This included:

- obtaining agreement from the US to new arrangements for beef testing that avoided disruption to \$900 million of beef exports
- maintaining Australia's multimillion-dollar grain markets in Thailand and Egypt
- maintaining market access for potatoes to Thailand following the spread of potato cyst nematode in Victoria
- maintaining the live animal export trade to the Middle East through continued technical cooperation activities to deliver enhanced animal welfare and handling in Middle East countries

- resuming the sheep and cattle trade to Libya
- improving market access to Japan for Tasmanian cherries without fumigation for codling moth
- improving market access for citrus from the Greater Sunraysia area through Japan's recognition of this area's seasonal freedom from fruit fly
- improving market access for pea seeds and onion seeds to Argentina, carpet grass and sorghum seed to Brazil, canola for consumption to Bangladesh and wheat for consumption to Mauritius.

In response to proposed Korean regulations that add more complexity and potential costs for exporters and duplicate systems already in place to ensure the integrity of Australian beef and organic exports to Korea, the department developed and coordinated submissions to the Technical Barriers to Trade Committee of the WTO and made repeated representations to Korean authorities in support of Australia's interests.

The department has also been assisting the wine industry in progressing an application with Japan to extend the approval of copper sulphate in winemaking for wine exported to Japan.

During 2008–09, AQIS negotiated agreed certification for a range of exports, including organic produce to Taiwan, salted bovine serosa for pharmaceutical use to Argentina, and scoured llama and alpaca fibre to Peru.

Following the introduction of new import requirements for seafood by Korea and for live seafood by China, we negotiated agreements on certification without any disruption to existing trade.

We also developed submissions to Iran and Iraq to establish agreed certification for the export of meat and meat products to these countries.

AQIS continued to work with Indonesian counterparts on a range of issues affecting market access for meat exported from Australia. These included halal certification, unwarranted import requirements and restrictions on imports.

In April 2009 a further four meat establishments gained access to the Indonesian market.

AQIS updated and expanded certification for animal by-products exported to the EU, Norway and Switzerland, and guidance for verification and auditing of industry programs by AQIS or third-party auditors. This means that 18 types of animal by-products, rather than 10, can now be sent to these markets.

Following the September 2008 melamine contamination incident in China, a number of countries implemented additional testing requirements for dairy imports from all destinations, including Australia. AQIS assisted in sustaining and simplifying market access into Bangladesh, Indonesia, Mauritius, South Korea, Sri Lanka, Taiwan, Thailand and the United Arab Emirates.

In March 2009, AQIS developed a submission to Russia to safeguard access for Australian dairy products to Russia following the introduction of new restrictive requirements.

Other AQIS activities included:

- maintaining access for dairy products to Panama in March 2009 after authorities extended accreditation of export dairy establishments without an on-site inspection
- arranging for Peru to accept AQIS EXDOC-issued certificates from March 2009 for Australian dairy exports
- maintaining access for pet food to Russia following the introduction of new listing and processing requirements
- negotiating resumption in January 2009 of canned pet food exports to China based on testing and certification, following suspension of the trade due to the detection of melamine
- providing reports on meat establishment compliance to Taiwan in April 2009 in order to maintain ongoing market access for meat and meat products
- finalising a protocol for export of kangaroo meat to China—the first step in gaining access to this potentially valuable market

- maintaining market access for meat to Egypt following the introduction of restrictive requirements that excluded independent establishments and required an Egyptian veterinarian to supervise slaughter at integrated establishments
- progressing the development of a protocol with Japan for poultry meat in an effort to regain access following a suspension by Japan on imports of all meals due to BSE concerns
- having an alternative meat inspection arrangement at one establishment approved by the US Food Safety and Inspection Service, paving the way for meat inspection reform in Australia
- facilitating the audit of meat establishments by foreign authorities, including China, Egypt, the EU, Indonesia, Malaysia, Thailand, Russia and the US
- negotiating a protocol for export of donkey meat to China—the first step in gaining access to this potentially valuable market
- working with international posts in September 2008 to lift the ban on sheepmeat imports imposed by Algeria
- working with industry to regain market access following the introduction of unjustified trade barriers to pork exports from Australia following the outbreak of pandemic (H1N1) influenza in May 2009
- working with Malaysian counterparts in March 2009 on their draft halal standard to ensure Australia's ability to comply
- thoroughly reviewing and rewriting arrangements for halal certification of export meat and issuing new guidelines in May 2009.

Progress with memorandums of understanding

A number of agreements between Australia and China were signed in June 2009. These included an MOU on the trade in wine, and protocols covering the trade of wheat and barley, mangoes, citrus, kangaroo and donkey meat, and live cattle. Agreement was also achieved on fumigation cooperation.

These achievements will further strengthen trade relations with China.

An MOU between Australia and Indonesia on collaborative animal, fish and plant health and quarantine activities was renewed in August 2008. Its core purpose is the promotion of technical cooperation on sanitary and phytosanitary matters.

An arrangement between Australia and Turkey on cooperation in animal health and biosecurity was entered into in September 2008. This will improve collaboration to prevent the introduction of pathogens through bilateral trade in animals, animal genetic materials and animal products.

Papua New Guinea and Australia signed an MOU in June 2009 focusing on the fight against illegal logging and the promotion of sustainable timber products. The agreement aims to improve the working relationship between the two countries on sustainable forest management and forest certification.

An MOU on the export of fish and fish products from Australia to Russia was signed in December 2008 after the conclusion of an audit conducted by the Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation (*Rosselkhoz nadzor*). Vessels and cold stores audited by AQIS and deemed to comply with the Russian veterinary and phytosanitary requirements can be listed as eligible to export fish and fish products to Russia before being audited by *Rosselkhoz nadzor*.

Negotiations were initiated with Russia on a similar MOU to cover meat and meat products as part of continuing departmental efforts to gain re-approval for a number of meat establishments following their temporary suspension from exporting to Russia by Russian veterinary authorities.

Australia and Hong Kong signed an MOU on cooperation in wine-related businesses in April 2009, formalising the intention to work closely on further strengthening the \$40 million trade in wine. The MOU will also facilitate cooperation in areas such as wine tourism and culture, education and training, and wine services such as auctioning and storage.

The December 2008 signing of a new Australia–EU Agreement on Trade in Wine (the original was concluded in 1994) will provide greater certainty for Australian wine exports to the European market through enhanced recognition of Australian winemaking practices and less prescriptive wine-labelling arrangements. Discussions were held in April 2009 with the European Commission on sanitary and phytosanitary issues, and agreement has been reached on a program of work to resolve these issues and their trade-related implications.

An MOU on agriculture with Iraq that will provide a framework for future cooperation in the field of agriculture was signed in June 2009.

The department continues to support Australia's livestock export industry through negotiation and cooperation with key trading partners. We are continuing to pursue the completion of an MOU on trade in live animals with Bahrain and Oman in order to provide additional security for the trade. Negotiations have started on an MOU with Sudan and Iraq to open new markets for Australian livestock industries.

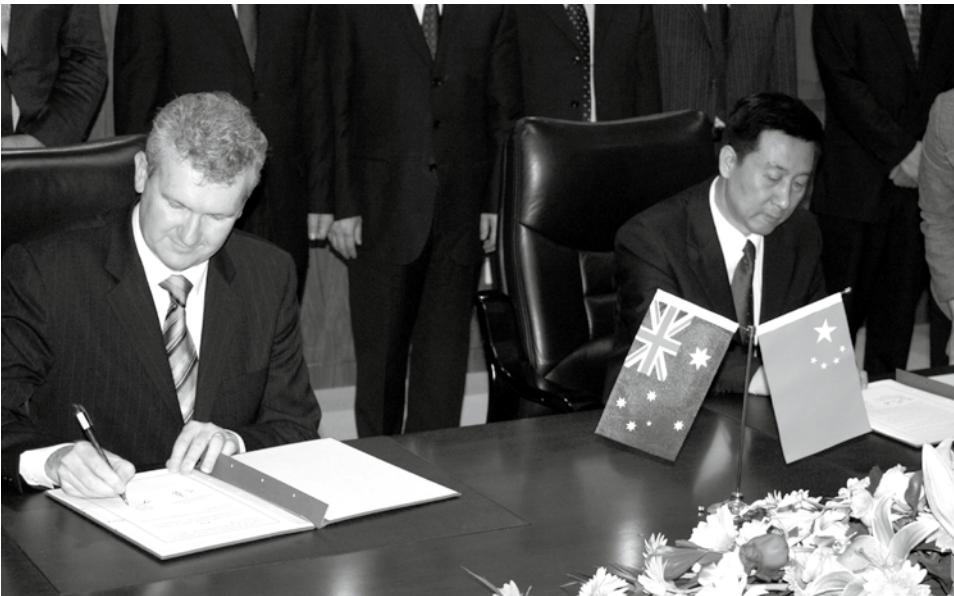
The signing, at ministerial level, of a joint declaration to amend the MOU on the trade in live animals between Australia and Saudi Arabia will deliver efficiencies in live animal exports to Saudi Arabia.

Negotiations continue with the United Arab Emirates to further improve re-import conditions for Australian horses.

Collaborating with stakeholders to remove technical trade barriers

The department has regularly consulted Australian agricultural industry groups in the development of Australian negotiating positions on free trade agreements.

We have also liaised with industry groups on priorities for market access work through industry consultative groups, including the Horticultural Market Access Committee, the Live Animal Export Protocol Committee, the Seafood Access Forum, the Red Meat Market Access Committee and the Grains Market Access Committee.



Minister Burke and China's Administration of Quality Supervision, Inspection and Quarantine Minister, Wang Yong, sign a memorandum of understanding on wine exports, 13 April 2009, Beijing (photo: www.maff.gov.au)

Since July 2008 all cheese shipments to Malaysia must be accompanied by a certificate of analysis confirming they are free of *Listeria monocytogenes*. AQIS and Dairy Australia prepared a submission seeking an exemption for low-risk cheeses, which was accepted by Malaysia in September 2008.

AQIS worked with industry and state regulatory authorities to prepare a response to concerns raised during the European Commission review of the export dairy system in mid-2008.

The response included an equivalence submission about on-farm practices.

AQIS worked with industry to prepare responses to address the concerns raised by the EU in its 2008 audit. The responses included measures to address concerns relating to traceability of horses, sheep and game animals.

International agricultural cooperation

Providing technical assistance and agricultural cooperation to trading partners

The department continued to provide wide-ranging technical assistance, cooperation and capacity-building opportunities to Australia's agricultural trading partners.

In December 2008, the department conducted an intensive training course and study tour, co-funded by AusAID, to build the capacity of policymakers in APEC developing economies to design and implement structural adjustment policies for the agricultural sector in response to trade policy reform or market pressures.

Other agricultural cooperation work funded during the year included:

- provision of Australian Fumigation Accreditation Scheme training in China, a scoping visit to ascertain the feasibility of implementing the program in Vietnam, and audit training for Indian government regulators

- support for delegates from developing countries to attend the OIE Global Animal Welfare Conference in Cairo in October 2008
- provision of scientific equipment to support the work of the Eritrean National Agricultural Research Institute
- contributions towards reform of the FAO and FAO climate change work
- a contribution to the International Treaty on Plant Genetic Resources for Food and Agriculture
- provision of a masterclass in agricultural trade policy and biosecurity for participants from Australia's trading partners in Asia and the Middle East
- training for participants from Thailand to strengthen seafood safety management
- support for Pacific Island country participation in a workshop to consider draft international standards for phytosanitary measures
- a scoping study to identify potential technical cooperation projects between Australia and Indonesia in agriculture, with particular reference to cooperation in the beef, dairy, horticulture and forestry sectors.

The Office of the Chief Veterinary Officer continued to provide technical and epidemiological advice to the animal health authorities of New Caledonia in support of New Caledonia's attempt to eradicate bovine babesiosis (cattle tick fever). Veterinary Officers and AQIS assisted with field surveillance activities and treatment of affected cattle in New Caledonia.

The department continued to conduct cooperation and capacity-building activities with China. These activities help maintain and improve market access by increasing commercial opportunities for exports, complementing free trade agreement advocacy efforts and supporting requests for improved market access for Australian agricultural exports.

The Australia–China Agricultural Cooperation Agreement program is one of

two programs administered by the department to enhance cooperation and engagement with China. The program has funded almost 200 agricultural delegation visits between Australia and China since it was established in 1984. In 2008–09, bilateral exchanges covered olive oil, vegetables, macadamia nuts, seeds, wheat, cherries, livestock (lambs) and Northern Territory plantation eucalypt species.

The Australia–China Agricultural Technical Cooperation Program is a four-year (2006–10), \$5.5 million program under which the department has supported initiatives addressing supply chain and quarantine management, food laws, standards and enforcement systems, wine regulation and the development of EU Eco-label compliant supply chains for Australian wool.

The department continued to progress market access improvements and undertake cooperation and capacity-building activities with a number of South-East Asian nations under the auspices of bilateral working groups. These groups include the Malaysia–Australia Agricultural Cooperation Working Group, the Australia–Indonesia Working Group on Agriculture, Food and Forestry Cooperation and the Thailand–Australia Free Trade Agreement Expert Group on Sanitary and Phytosanitary Measures and Food Standards.

Technical cooperation activities continued in Eritrea, focusing on the development of the country's Hamelmalo Agricultural College, identification of high-potential Australian forage species suitable for the Eritrean environment, and training in conservation farming practices.

Supporting improved animal welfare in export markets

The department continued to deliver technical cooperation projects to strengthen bilateral trading relationships under the Live Animal Trade Program and improve animal welfare and handling. This work has been focused on Australia's major livestock export markets—the Middle East and South-East Asia. During 2008–09,

funding was provided for infrastructure improvement, technical cooperation, capacity building and training.

Government officials in the United Arab Emirates were provided with training to facilitate the implementation of animal welfare legislation and improve animal welfare outcomes for exported livestock; the Gulf Cooperation Council is considering this model for adoption by its member states.

Ongoing projects are improving infrastructure for the unloading, handling and restraint of live animals exported from Australia; and delivery of livestock handler training, including development of new standard operating procedures, in Asia and the Middle East.

Improvements to holding sheds in ports, port discharge ramps and sheep handling facilities in the Middle East and Indonesia were funded to ensure the ability to reduce livestock stress during transport and unloading.

The new Live Trade Animal Welfare Partnership, starting on 1 July 2009 and building on the Live Animal Trade Program, is an enhanced three-year partnership with Australia's livestock export industry. It has funding of \$3.2 million over the next three years (2009–10 to 2011–12) for technical cooperation activities to improve animal welfare and support trade.

Export services and access

The department maintains the integrity of Australia's export certification system by providing export inspection, auditing and verification services. This ensures compliance with importing country requirements by our agricultural industries.

Maintaining export certification system integrity

The department conducted an audit of export certification systems and controls in 2008–09. The audit found that system

integrity is well established but improvements may be made in some areas.

An enhanced audit process was implemented for organisations approved by AQIS to certify organic produce for export.

Development of a food safety auditor competency framework was initiated to facilitate flexible audit and service delivery options. The framework will be underpinned by accreditation of staff against food safety competencies developed under the National Training Industry Strategy by an independent registered training organisation. The framework will allow formalised training of staff across commodities to enhance technical competence. This initiative will increase consistency between commodities and potentially reduce fees and charges to industry.

The Export Meat Program continued to improve its inspection and audit systems. Area technical manager and on-plant veterinarian standard operating procedures and work instructions were revised with active involvement by staff.

An audit of existing training for on-plant veterinarians and meat inspectors was conducted during the first half of 2009.

The review focused on induction training for new starters and ongoing training needs for those already in the job.

The Export Dairy Program continued to conduct verification audits of dairy inspection services delivered by state regulatory authorities. Verification audits are conducted to ensure that there is a sound base for issue of export certification and that export standards are being maintained across Australia.

The Fish Exports Program has reviewed the majority of standard operating procedures and work instructions and verified effective implementation and compliance by regional office staff. New electronic certification has been developed for export of seafood to China, Korea and Russia.

The Grain and Plant Product Export Program continued to strengthen auditing of phytosanitary certificates and management of audits of approved arrangements as part of our response to the Australian National Audit Office's 2006–07 audit of AQIS export certification. This has strengthened delivery of a nationally consistent grain and plant products export certification system that meets importing country and Australian legal requirements.

Area technical managers for the Horticulture Export Program were deployed to AQIS regional centres in Adelaide, Brisbane and Melbourne to provide technical support and system audits on AQIS internal procedures. The program also participated in audits of Australia's horticulture export system by officials from Japan, Taiwan and New Zealand and took part in bilateral market access and technical discussions with New Zealand, Thailand, Korea, Japan, the US and China.

Providing export inspection and verification services

The Fish Exports Program was granted formal access to the Russian market after an audit conducted in December 2008 (see page 72).

In 2008–09, 272 new farms were accredited under the EU Cattle Accreditation Scheme—double the previous year's figure.

The Export Meat Program, in consultation with industry, trialled a performance rating system for export meat abattoirs. This system, to be rolled out in 2009–10, will provide an objective assessment of a company's performance against food wholesomeness criteria.

The department's Exports Verification Unit provided reports to the Export Meat Program on AQIS trade descriptions, the National Establishment Verification System, game meat harvesting, State Tier 1 systems, halal certifying bodies and the European Union Cattle Accreditation Scheme.

In response to China's adjustment of its import conditions for live fish from 1 January 2009, AQIS negotiated a three-month extension to the implementation date, renegotiated conditions and implemented new certification.

The AQIS food export programs issued approximately 180 000 export certificates for meat products, 26 000 export certificates for dairy products and 43 000 export permits for seafood and other products.

In 2008–09 the AQIS Grain and Plant Product Export Program issued 28 953 phytosanitary certificates, and the Horticulture Export Program (which covers fruit, vegetables, cut flowers and nursery stock) issued 22 073. These certificates provide importing country authorities with Australian Government assurance that the exported consignments meet their plant health regulations.

Awareness of export requirements

During 2008–09, the department began preparing for the January 2010 implementation of the EU's new regulation to prevent access to its market by products derived from illegal, unreported and unregulated fishing activity.

AQIS representatives provided briefings on rendered products, pet food, skins, hides and leather exports to ensure industry was kept advised of changes to market access requirements.

AQIS also briefed the game industry to assist with compliance with the Russian microbiological and residue standards.

The Organic Program web pages were reviewed and substantially updated to provide clear and current information for certifiers, industry, exporters and the public about the requirements for exporting organic produce.

The Organic Program held pre- and post-season meetings with various sectors of the horticulture industry, including table grapes,

citrus, cherries and mangoes and vegetable exports, to ensure importing country requirements are understood by growers, packers and exporters, and improvements for the following season can be discussed.

Promoting compliance

As part of the enforcement of export requirements for shellfish, AQIS suspended the approval of one state jurisdiction whose program is not compliant.

Partnering with stakeholders

The department regularly engaged with industry stakeholders on priority trade and import and export inspection and certification through industry forums and 15 Industry Consultative Committees established for AQIS stakeholders. See Table 15 on page 110 for a list of consultative committees.

The department regularly engaged with the Australian fishing industry on priority trade-related issues through the Seafood Access Forum, and with the horticultural industry through meetings of the Horticulture Exports Consultative Committee.

The Organic Program continued to work closely with the organic industry and certifiers to ensure the adequacy and currency of the National Standard for Organic and Bio-Dynamic Produce.

Supporting the international regulatory framework

In March 2009, AQIS assisted Japanese counterparts in developing food legislation that incorporates hazard analysis and critical control point principles. These principles outline a systematic preventive approach to food safety that applies prevention measures at critical points in production rather than relying on finished product inspection.

Outlook for 2009–10

In 2009–10 the department will continue to support whole-of-government trade strategies and activities multilaterally, regionally and bilaterally. This includes removing international trade distortions, supporting science-based biosecurity policies, building international relationships and engaging with global issues such as developments in carbon footprint labelling.

We will provide specialist input, advice and analysis on issues relevant to portfolio industries in WTO and free trade agreement negotiations, the best forums for negotiating reduced market distortions.

We will also advocate for changes to domestic support measures that disadvantage Australian exports. This work will be undertaken in partnership with DFAT.

We will negotiate science-based and commercially viable import requirements for Australian products, and will make representations and submissions in response to changed import conditions and to standards that are not science-based or that unnecessarily restrict trade.

The department will continue efforts to build regional and bilateral relationships and use these to seek progress on Australia's market access priorities.

Performance under administered items and special appropriation of Output 1.3

Table 7 Output 1.3 performance—administered items and special appropriation

Administered item 1.3.1 AAA—International Agricultural Cooperation	
Budget	\$1.074 million
Key performance indicator	Deliver the International Agricultural Cooperation (IAC) program to support market objectives through provision of targeted activities in key markets.
Measured by	Development of investment opportunities, markets and bilateral trade opportunities for portfolio industries through international activities under the IAC program.
2008–09 target	Investment opportunities, markets and bilateral trade opportunities developed through international activities.
Performance outcome	Target met.
Comments	This item is delivered through activities under departmental outputs.
Administered item 1.3.2 Food and Agriculture Organization of the United Nations (FAO)	
Budget	\$9.745 million
Key performance indicator	Pay Australia's annual membership contribution to the FAO for the implementation of the FAO biennial Program of Work and Budget.
Measured by	Payment of membership contribution.
2008–09 target	Contribution paid.
Performance outcome	Target met.
Special appropriation 1.3.1 National Residue Survey Administration Act 1992, s. 6	
Budget	\$0.154 million
Key performance indicator	Fund the National Residue Survey to manage a suite of residue testing programs that support Australian agricultural market access.
Measured by	Provision of National Residue Survey funding for residue testing programs that support Australian agricultural market access.
2008–09 target	National Residue Survey funding provided for approved programs in accordance with the Act.
Performance outcome	Target met.

Performance under departmental outputs in Output 1.3

Table 8 Output 1.3 performance—departmental outputs

Key performance indicators	2008–09 target	2008–09 achievement
Market access opportunities in bilateral, regional and multilateral trade negotiations are maximised	Key issues identified in consultation with portfolio industries are given a high priority in negotiating positions during 2008–09	Key issues—fish and dairy—identified through consultation on industry priorities and given a high priority in negotiations.
	100% of existing markets are maintained and market access is improved through bilateral, regional and multilateral trade negotiations	Existing markets maintained and additional market access achieved as detailed on pages 70–72. Department met with portfolio industries and established market access priorities.
Provide agricultural cooperation (including international visits) and technical assistance to support market access objectives with targeted trading partners	Ministerial visit to Europe and the Middle East in the second quarter of 2008–09	Visit undertaken and market access objectives achieved.
	Technical assistance projects completed on time and on budget in 2008–09	International Agricultural Cooperation program provided funding for 25 technical assistance and agricultural cooperation projects in 2008–09. These projects were completed on time and on budget. Live Animal Trade Program funded 16 projects in 2008–09. These projects were completed on time and on budget.
Portfolio interests are reflected in international standards related to Australia’s animal, plant, food and environmental health and sustainability	Australian Government agreed strategic objectives are achieved in the development of international standards throughout 2008–09	Work in the WTO Committee on Sanitary and Phytosanitary Standards reflected Australia’s national interests.
	The number of countries that recognise the sustainability of Australia’s forestry production is increased by 30 June 2009	The number of countries that recognise the sustainability of Australia’s forestry production is not currently measured.
	Codex Alimentarius Equivalency arrangements are finalised by 30 June 2009	Codex Alimentarius guidelines on recognition of equivalence finalised as planned.

Table 8 Output 1.3 performance—departmental outputs (continued)

Key performance indicators	2008–09 target	2008–09 achievement
	Australia's interests are protected in progressing Codex Alimentarius working groups' standard on the conduct of foreign audits and the standard for certification	Australia drafted both papers and actively participated in the electronic and physical working groups to achieve draft papers reflecting Australia's interests. Model Generic Health Certificate was finalised and has been adopted into the Codex Alimentarius as an international standard.
	International Plant Protection Convention activities contributing to the improved protection of plant health status in Australia are progressed and adopted as relevant by the Commission on Phytosanitary Measures by 30 June 2009	Majority of Australia's comments in relation to draft standards accepted by the Commission on Phytosanitary Measures. Contributed to the ongoing development of a phytosanitary capacity evaluation tool and a capacity-building strategy (timing for completion/adoption is at the discretion of the commission's work programs). Contributed to the operations and strategic planning of the Commission on Phytosanitary Measures through representation on the its bureau on behalf of the south-west Pacific region.
	Amendments proposed to the OIE Animal Health Code are adopted by the OIE General Session by 30 June 2009	Australian proposals influenced the text of the following chapters of the code that were adopted by the OIE in May 2009: <ul style="list-style-type: none"> • Glossary • Detection, control and prevention of <i>Salmonella</i> spp. in poultry • Bluetongue • Leptospirosis • Rabies • Bovine tuberculosis • Contagious bovine pleuropneumonia • Scrapie • Equine influenza • West Nile Fever
Maintenance of the integrity of Australia's export, inspection, auditing and certification system	98% confidence of 100% accuracy in certification	Horticultural exports—trading partner rejections are 0.125% of all phytosanitary certificates issued. Live exports—no rejections of consignments by importing countries resulted from inaccurate certification by AQIS. Meat products—less than 0.3% of exports were found to be inaccurate through AQIS error. All inaccurate certificates were replaced to facilitate market access.

Table 8 Output 1.3 performance—departmental outputs (continued)

Key performance indicators	2008–09 target	2008–09 achievement
		<p>Fish exports—no consignments rejected for inaccurate AQIS certification.</p> <p>Dairy products—no consignments rejected for inaccurate AQIS certification.</p> <p>Organic products—93% of certifications were 100% accurate. All inaccurate certificates were replaced to facilitate market access.</p>
	<p>98% confidence that 100% of inspection procedures are consistent with program design</p> <p>98% confidence that 100% of audit procedures and actions are consistent with program design</p>	<p>Verification of inspection procedures at various locations around Australia confirmed a high level of compliance.</p> <p>Audit procedures were reviewed and instructional material revised to support the rollout of the plant performance rating model.</p> <p>Dairy audit procedures were reviewed, instructional material revised and training provided to support the auditing program conducted by state regulatory authorities. Verification confirmed that corrective action was taken in accordance with procedures and areas for improvement identified and implemented as required.</p> <p>Seafood, audit and inspection activities by regional staff were found to have a high level of compliance with standards prescribed by the program.</p> <p>Area technical managers conducted verification of industry systems and AQIS auditing activities, ensuring compliance with program requirements.</p> <p>Live Animal Exports reviewed all audit reports of exporters and registered premises. All reports were consistent with instructional material and standard audit checklists.</p>
	<p>Results of the National Residue Survey residue monitoring plan for 2007–08 reported to and accepted by all industry clients and trading partners by the end of October 2008</p>	<p>Results reported to the European Commission in March 2008 and accepted in March 2009.</p>

Stakeholder consultations

The department consulted formally and informally with stakeholders on a wide range of key issues in 2008–09. Formal consultative activities relating to Output 1.3 included:

- regular consultations with government and industry representatives and peak bodies through AQIS Industry Consultative Committees on dairy, seafood, organic, halal, livestock and horticulture exports, to discuss and make decisions on market access priorities and export program issues
- consultations at least twice a year with the horticulture, grain and live exports consultative committees, focusing on the outcomes of the Beale review, the new Biosecurity Services Group framework, and the fees and charges review as a result of the cessation of the 40% government subsidy of AQIS export certification services
- an email survey of government and industry stakeholders seeking their views on possible areas for cooperation under the proposed MOU on Cooperation in Agriculture with Chile
- regular teleconferences with DFAT officers and representatives from a wide range of agriculture industry groups for updates on free trade agreement negotiations with China, Japan and Korea
- meetings and forums with representatives of the Australian Southern Bluefin Tuna Industry Association, federal and state government agencies and other stakeholder groups, which assisted in developing the Australian Government's negotiating position for meetings of the Commission for the Conservation of Southern Bluefin Tuna.

Conferences

As part of the department's engagement with communities of expertise and other stakeholders, our officers attended a number of external conferences and seminars.

Examples relating to Output 1.3 are:

- a lecture series 'Voiceless Animal Law' at the Australian National University attended by students, animal welfare interest groups, private and government lawyers and industry representatives
- an international trade law symposium convened by DFAT and the Attorney-General's Department Office of International Law
- Europe Update 2009: Current Challenges, Future Perspectives, a seminar convened by the National Europe Centre at the Australian National University for some 50 officials (including from the European Commission), academic experts, representatives of EU member delegations and an EU parliamentarian
- the Australian Animal Welfare Strategy Conference held in August–September 2008, focusing on Australian and international progress in animal welfare and highlighting major current issues.

Responding globally on food security

The department has stepped up its international engagement to reinforce the role of agricultural productivity and trade in a global response to food insecurity.

In a year that saw increasing challenges to food security among the most vulnerable communities in the world, Australia worked through international forums and the Food and Agriculture Organization of the United Nations (FAO) to highlight the importance of agriculture and the need to avoid protectionist measures.

The FAO, as the leading UN organisation for agriculture, food, fisheries and forestry issues, has played an important role, together with the World Bank and other UN bodies, in helping to address global food issues.

FAO director-general Dr Jacques Diouf visited Australia from 19 to 20 May 2009 to help celebrate the UN International Year of Natural Fibres in Sydney with the Minister for Agriculture, Fisheries and Forestry, Tony Burke, and to discuss food security issues.

The visit followed a meeting with Mr Burke in Treviso, Italy, in April 2009, during the G8+ Agriculture Ministers' Meeting, which had focused on food security issues.

During the visit, Dr Diouf also met Mr Bob McMullan, Parliamentary Secretary for International Development Assistance, as well as senior representatives of the Australian Centre for International Agricultural Research, AusAID, the Asian Development Bank and the Crawford Fund, which was established in 1987 as a national support organisation for international agricultural research.

Dr Diouf outlined his view that Australia—as a major food-producing nation exporting more than two-thirds of its annual production—had a key role to play in world food security, particularly in the south-west Pacific region. He noted the recent announcement of an increase in Australia's development assistance budget, particularly in relation to food security.