

1.5 International trade

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VETS3003



International trade

- Hugely important for countries with large agricultural production and low/moderate populations e.g. Australia/New Zealand
- Meat/milk short shelf life without processing/freezing
- Fibre is more easily stored (albeit there is still a storage cost)



Exchange rate

- Exchange rate varies on minute by minute basis (FOREX)
- If 1 AUD = 0.7 USD this means any price I quote in AUD is only 0.7 times that in USD (ie less \$ in USD)
- E.g. If I sold an Australian lamb to USA for \$200 AUD, the price in USD = \$140. The reverse is also true, if buying a new tractor from USA at \$200,000 USD, an Australian farmer would pay \$285,714 AUD
- International transactions may be “hedged” to reduce the potential for fluctuations where large sums of money are involved
- Australian exporters are generally happy to see the AUD low, while if you are travelling from Australia and using AUD it is great if the exchange rate is high.



Biosecurity and image

- One key benefit for Australian agriculture as an island nation is the “clean, green” image of products historically
- Being an island also assists with elevated biosecurity (but it isn’t 100% foolproof)
- Australia doesn’t have a large number of diseases that cause significant issues around the world e.g. FMD, Lumpy Skin Disease etc
- Important to remain vigilant for disease



Endemic versus exotic disease

- As already noted Australia is free from many OIE listed diseases
<https://www.oie.int/animal-health-in-the-world/oie-listed-diseases-2021/>
- There are however some endemic diseases that can impact trade e.g. Anthrax. These are generally well limited with protocols in place to manage any issues



Data integrity and product safety

- One advantage that Australia has over other countries is in animal identification
 - Consistent for cattle
 - Commenced planning for sheep
- NLIS tags allow lifetime tracking of livestock with each movement updated on national database
- Electronic NLIS tags required for sheep in Victoria, but not yet other states
- Enables rapid traceback if an exotic disease such as FMD is identified
- Also strict regulatory system for product safety compliance and withholding period/export slaughter interval, assists retention of reputation

AGRICULTURE VICTORIA



APPLICATION FOR CATTLE NLIS BREEDER & POST BREEDER TAGS

F 2-01

Livestock Disease Control Act 1994

(Revised January 2008)

Return address: Tag Registrar, PO Box 2600, Bendigo Vic 3554

NLIS tags can be ordered over the internet by visiting www.vic.gov.au/nlis



Politics

An Australian producer can control what they do on farm, but generally have no control over international politics

International decisions can significantly impact outcomes for farms where most or all production is exported on the international market e.g. outbreaks of war/disease etc

This can have positive or negative outcomes for enterprises



Production System Value

- Financial, psychological, medical, cultural and other
- How do we (or should we) assess the value of production systems?
- Most commonly it is primarily financial
- Social license can impact on purely financial system where society doesn't agree with a certain system being acceptable.
- Other countries may have more focus on different areas than purely financial, and sometimes add financial benefit for meeting these
- Livestock can be a method of storing value for some smallholder enterprises

