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Office of the Minister of Agriculture  
Chair, Cabinet Economic Development Committee

## **IMPROVING ANIMAL WELFARE AND ENHANCING NEW ZEALAND'S REPUTATION AS A RESPONSIBLE EXPORTER OF LIVE ANIMALS**

### **Proposal**

1. This paper seeks agreement for the Ministry of Primary Industries (MPI) to explore options to improve conditions relating to the export of livestock, including a conditional prohibition on exporting livestock under the Animal Welfare Act 1999 (the Act).
2. Under a conditional prohibition the approval of the Director-General of the Ministry for Primary Industries (Director-General) would be required in order for export to take place. Approval would be subject to satisfaction that the risks to livestock welfare and to New Zealand's reputation can be mitigated.

### **Executive Summary**

3. Animals are exported from New Zealand every year for numerous reasons. The reasons range from pets being relocated with their owners, to the export of large consignments of cattle, sheep, deer or goats (collectively referred to as livestock) for breeding purposes.
4. Live animal exports are valuable to New Zealand. These exports are economically valuable, averaging \$251 million per annum between 2010 and 2018. The export of livestock also assists in enhancing relationships with other countries seeking to develop their domestic herds through access to New Zealand's genetic material.
5. Animal welfare standards are a growing focus of consumers around the world. In particular, there is growing public concern about the export of large consignments of livestock. Concerns centre on the welfare of animals during the journey, the standards of care and farming methods in the country of destination, and how these animals are eventually slaughtered.
6. We have mechanisms to manage the risks to livestock being exported during their voyage. However, we have limited ability to influence the welfare of animals once they reach their destination. International relations  
[REDACTED]
7. I therefore seek agreement to direct MPI to undertake a review of the livestock export trade. The review will consider the range of regulatory and non-regulatory options available to improve the welfare of livestock being exported and enhance New Zealand's reputation, including a conditional prohibition.

8. Livestock exports have been an important part of our trading economy and are a source of income for rural communities. It is my view that our ability to carry out this trade under the current policy settings is becoming increasingly limited.
9. We need to work through the issues carefully. This is a complicated trade that requires domestic economic issues and international trading impacts to be considered. International relations
10. International relations
11. At this stage, my preference is for a conditional prohibition on livestock exports. Under a conditional prohibition, the default position would be that the prior approval of the Director-General would be required before an application for an Animal Welfare Export Certificate (AWEC), under the Act, would be considered. However, it is my expectation that officials' advice will cover a broad range of options that could support effective change in light of the complex nature of both the domestic and trade environments.
12. Should a regulatory option be approved, it is estimated that new regulations could be in force within 12 to 18 months, depending on the complexity of the policy choices, consultation, legislative drafting time, and Cabinet availability.
13. Subject to agreement of this paper, MPI will provide me with a draft Cabinet paper and discussion paper for cross party consultation by the end of 2019.

## Background

### *New Zealand animal exports*

14. Livestock from New Zealand is highly sought after offshore to:
- improve the genetics of stock in the importing country;
  - efficiently stock new dairy farm developments;
  - meet international agricultural cooperation agreements;
  - provide assistance to developing countries so, for example, they can meet their aspirations for domestic food production; and
  - re-populate farms after events such as natural disasters. Access to live animals means stock can be replenished faster than through other methods such as transfer of genetic material.

### *Current legislation*

15. The export of animals is regulated under Part 3 of the Act. The purpose of this Part is to protect both the welfare of animals being exported from New Zealand, and New Zealand's reputation as a responsible exporter of animals and products made from animals.
16. The Act requires that any person planning to export livestock must apply to the Director-General for an AWEC.<sup>1</sup> The Director-General can impose conditions on the AWEC to mitigate the risks to animals being exported.
17. The types of conditions that can be imposed on consignments of livestock under an AWEC are extensive and include, among other things, conditions requiring a nominated person to accompany the animals on their voyage, or feed and water regimes. Conditions may also include a requirement for exporters to provide reports on the welfare of animals for the period of up to 30 days after their arrival in the importing country. Appendix One provides a summary of the minimum conditions applied to livestock exports via an AWEC.
18. The Act also provides that regulations can be made to prohibit the export of live animals, either absolutely or conditionally. Under a conditional prohibition exporters must obtain the prior approval of the Director-General to export before an AWEC can be considered (i.e. exports would not be allowed unless the prior approval of the Director-General was obtained). The Director-General would need to be satisfied that any risks to the welfare of the animals being exported and any risk to New Zealand's reputation can be mitigated.

### **Need for change and associated policy issues**

19. Animal welfare standards are a growing focus of consumers around the world. Negative perceptions and public concerns about the export of livestock is increasing and I consider there is a need for change.
20. Specifically, concerns centre on the welfare of animals during the journey; the standards of care and farming methods in the country of destination; and how these animals are eventually slaughtered. International relations  
[REDACTED]
21. We can manage the risks to livestock being exported during their voyage. The voyage mortality rates of livestock being exported has decreased dramatically over the last three decades. Between 1985 and 1989 the average voyage mortality rate in exported livestock, predominantly sheep exported for slaughter in the Middle East, was 2.74 percent. The mortality rate had reduced to 0.67 percent between 2000 and 2003, as a result of additional conditions imposed on exports and the start of a shift in trade to the export of breeding cattle.


<sup>1</sup> There are some exemptions from the requirement to obtain an AWEC. Examples include cats and dog exported to Australia, pet animals departing on any ship, and classes of animals where the Director-General is satisfied that the risk to the welfare of the animal is minimal.





22. Since 2008 only breeding animals have been exported and average voyage mortality rates have decreased further to 0.14 percent. This average includes the only recent large export of sheep and a small number of cattle shipments where issues developed. Expected mortalities on routine cattle shipments are 0.035 percent, or 1 animal death during the voyage per 3000 animals exported.
23. However, New Zealand cannot control animal welfare outcomes once livestock have departed our jurisdiction. If we continue this trade, we cannot control all the risks to the welfare of animals being exported.
24. I therefore seek agreement to direct MPI to lead a review of livestock exports. The work would be undertaken in consultation with relevant agencies and affected stakeholders, to fully consider the impacts of identified options.

#### *Trade considerations*

25. Livestock export is a complicated trade that requires the consideration of wider trading impacts.
26. In the year ending June 2018, the value of New Zealand's livestock exports was approximately \$51 million. This included \$49.9 million in relation to cattle; \$0.932 million for goats; and \$0.503 million for sheep.<sup>2</sup> Appendix Two provides detailed information on the value of live animal exports from New Zealand.

27. International relations
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28. International relations
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29. International relations
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<sup>2</sup> The value of live exports in relation to deer was negligible.

30. International relations

31. I therefore expect MPI to work closely with the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise in undertaking this review.

32. Appendix Three provides further information on New Zealand's international obligations and trade considerations.

**Options to improve animal welfare of livestock and enhance New Zealand's reputation as a responsible exporter**

33. MPI has identified five initial options to improve the welfare of livestock being exported and New Zealand's reputation:

1. imposition of a total ban on the export of livestock;
2. imposition of a conditional prohibition on the export of livestock;
3. collaborative programmes to build the capacity and capability at the destinations and/or encourage alternative exports;
4. continuous improvement under current regulatory settings; and
5. targeted interventions, development of new operational policy, and continuous improvement.

34. The first two options require regulations to be developed under the Act to prohibit livestock exports either absolutely or conditionally. These two options are the only options likely to satisfy, or partially satisfy those calling for a prohibition on this trade.

35. It is estimated that it will take 12 to 18 months for new regulations to be developed and come into force. Depending on the complexity of the policy choices, consultation, legislative drafting time and Cabinet availability, the time to develop regulations could be truncated.

36. The remaining options improve practices within existing regulation so that we can have more confidence that the welfare of animals being exported is protected. These options can be implemented individually, if trade continues, or to support any shift in practice approved under a conditional prohibition. For example, a shift to exporting genetic material, rather than live animals, which would eliminate welfare risks associated with animals being transported.<sup>4</sup>


3 International relations

<sup>4</sup> Any further viable options or combination of options identified through engagement and consultation will also be explored as part of the review process.


*Option One: Imposing a total prohibition on the export of livestock*

37. Option One would be a total prohibition in regulation which would stop the trade in livestock. No discretion would be provided for the Director-General to approve livestock exports, for any purpose.

38. Legal privilege



39. International relations




Appendix Three provides further details on the risks involved with adopting this option.

*Option Two: Imposing a conditional prohibition on the export of livestock*


40. Option Two would be a conditional prohibition on livestock exports and is potentially the best option to both protect exported animals and our reputation.

41. A conditional prohibition by regulation effectively shifts the policy approach from generally approving livestock exports to prohibiting these exports unless the prior approval of the Director-General is granted. In approving an export the Director-General must be satisfied that the risks to the welfare of the livestock being exported and New Zealand's reputation can be mitigated.

42. Legal privilege

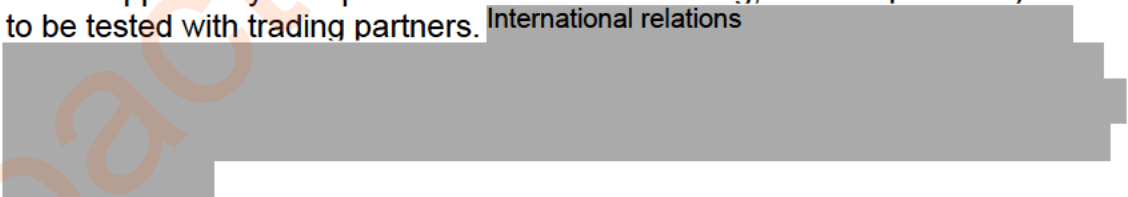


43. International relations



44. It will therefore be vital to engage with trading partners early during the development of any conditional prohibition. We will need to give trading partners confidence that:
- the design and implementation of any conditional prohibition will comply with New Zealand's international trade obligations, including being not more trade restrictive than necessary to achieve the legitimate policy objective; and
  - New Zealand will continue to support the development and growth of their livestock industry where the Director-General can be satisfied that risks to livestock welfare and to New Zealand's reputation can be mitigated.
45. See Appendix Three for further detail on the potential international implications of implementing this option.

*Option Three: Collaborative programmes to build the capacity and capability at the destinations and/or encourage alternative exports*

46. Option Three would require government agencies<sup>5</sup> to develop collaborative programmes to work with importing countries to:
- explore alternatives to providing live animals such as exporting semen, embryos;
  - discuss exporting crossbred animals that are more compatible to the destination environment; and
  - build capacity and capability of the people in countries that receive live animals.
47. This option could provide alternative ways to meet the desire of other countries for animal genetic material and breeding animals to improve their farmed stock. This option could also support in-country systems that are likely to be considered as part of any approval under a conditional prohibition.
48. However, animal genetic material may not be seen as a sufficient replacement for the opportunity to import live animals for breeding, so this option may need to be tested with trading partners. International relations
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<sup>5</sup> MPI would need to work with other agencies including the Ministry for Foreign Affairs and Trade and New Zealand Trade and Enterprise.

#### *Option Four: Continuous improvement under current regulatory settings*

49. Under Option Four MPI would continue to improve current systems within existing regulation and policy settings. Improvements could include actions such as ensuring the conditions imposed on exports by the Director-General via an AWEC reflect new and emerging information and knowledge. In particular, work could explore new requirements on stocking densities, feed and water monitoring, emergency procedures and veterinary oversight.
50. Option Four could improve animal welfare in transit and would have little to no impact on international trade and relationships. However, pursuing this option alone is unlikely to address the growing concerns about livestock exports.

#### *Option Five: Targeted interventions, development of new operational policy and continuous improvement*

51. Under Option Five targeted interventions and new operational policy would be developed based on specific risks to animal welfare, within existing legislation. For example, policy could be developed to ensure that livestock are only exported to destinations where they are genetically compatible with the destination environment, and new competency assessments would be developed for personnel accompanying livestock on their voyage.
52. Option Five would require considerable discussion with trading partners and more work will need to be undertaken to estimate how long it would take to implement. This option is likely to restrict the trade of some species to specific destinations and therefore it will have some impact on international trade and relationships. Domestic economies are also likely to be affected. Further work is required to estimate the magnitude of those impacts.
53. This option is likely to be welcomed by those opposed to livestock exports as a step in the right direction but will not fully address the issues relating to New Zealand's social licence to operate in this market.

#### **Next steps:**

54. I propose that MPI be directed to lead a review of the livestock export trade. In order to do this effectively, MPI will need to work with agencies and engage with stakeholders early in policy development so that the impacts of any proposals on domestic industry, exporters, and importing countries are fully understood.
55. Subject to receiving advice from officials, I intend to provide a draft Cabinet paper with a discussion paper for cross-party discussion by the end of 2019.

#### **Consultation**

56. The following government agencies were consulted on this paper: the Ministry of Foreign Affairs and Trade; New Zealand Trade and Enterprise; NZ Customs Service; the Ministry of Transport; and the Ministry of Justice. The Department of Prime Minister and Cabinet and the Treasury were informed.



## **Financial Implications**

57. There are no direct financial implications arising from this paper.

## **Legislative Implications**

58. This paper has no direct legislative implications.

## **Impact Analysis**

59. This Cabinet paper does not require a regulatory impact assessment, as it informs Cabinet of the process to complete a review of livestock exports. It does not limit the policy work connected to the review.

## **Human Rights**

60. The proposals in this paper have no implications under the Human Rights Act 1993 or the New Zealand Bill of Rights Act 1990.

## **Gender Implications**

61. There are no gender implications arising from this paper.

## **Disability Perspective**

62. There are no disability implications arising from this paper.

## **Publicity**


63. A press release on 11 June 2019 announced that this work is underway. I intend to issue a press release after this Cabinet discussion announcing next steps.

## **Proactive Release**

64. Following Cabinet's consideration I intend to proactively release this paper with redactions under the Official Information Act 1982.

## Recommendations

65. The Minister of Agriculture recommends that the Committee:

1. **Note** that public concerns about the welfare of livestock being exported are growing, and consumers around the world are increasingly focused on the animal welfare standards;
2. **Note** that once livestock has departed New Zealand, there is little ability to influence the treatment of animals at their final destinations;
3. **Note** that exports of livestock (cattle, sheep, goats and deer) have been an essential part of many of New Zealand's trading relationships and in 2018 earned exports revenues of \$51 million;
4. International relations  

5. **Direct** the Ministry for Primary Industries to lead a review of the livestock export trade to improve the welfare of livestock being exported and enhance New Zealand's reputation;
6. **Note** that subject to decisions on this paper and further advice from officials, I intend to circulate a draft Cabinet paper and draft discussion paper for cross party consultation by the end of 2019.

Authorised for lodgement

Hon Damien O'Connor  
Minister of Agriculture

## Appendix One: Minimum conditions for livestock exports

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1. Livestock exported include cattle, sheep, goats, and deer.
2. An animal welfare export certificate (AWEC) for live animal exports may be issued after the Director-General of the Ministry for Primary Industries has considered whether the physical, health and behavioural needs of animals are being met. This includes considering how the welfare of any animals previously exported by an applicant was managed, the mode of transport and facilities proposed, and the susceptibility of the animal to harm and distress under the conditions of transport proposed. It is an offence under section 40 of the Animal Welfare Act 1999 to export live animals from New Zealand other than under the authority, and in accordance with the conditions, of an AWEC<sup>6</sup>.
3. MPI uses a range of best practice guidance, including the International Air Transport Association's (IATA) Live Animals Regulations, and Australia's guidance for exporters, to assess AWEC applications. There is also some guidance available for AWEC applicants to use. An AWEC is only issued by the Authorised Person upon verification that all appropriate supporting documentation has been provided, and all relevant conditions of the AWEC will be met during transport.

### *Exporting cattle by sea*

4. Some of the requirements for transporting cattle by sea, outlined in MPI guidance, are listed below. The guidelines specify responsibilities placed on exporters including ensuring stocking densities meet MPI requirements, ensuring that there are adequate provisions on the vessel before departure including feed, water and veterinary supplies. Specific responsibilities for transporting cattle by sea include ensuring that:
  - all legislative requirements are met including those under the Act, and the Maritime Transport Act 1994;
  - ships/vessels must well-maintained and fit-for-purpose;
  - adequate free air space above cattle to allow 'foul air' to move towards exhaust exits and that ammonia levels do not exceed 25 parts per million;
  - stocking density takes account of the weight (size), breed, conformation, sex, and pregnancy status of animals. For example, the minimum pen area per head for cattle for live weight of 300 kilograms is 1.18m<sup>2</sup> per head;
  - fodder is provided at a rate no less than what is required for body maintenance for the expected period of the journey; and
  - the minimum daily water requirements according to cattle weight are, for example, 20 litres per day per head for live weight of 200 kilograms.

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<sup>6</sup> There are some exemptions from the requirement to obtain an AWEC. Examples include cats and dogs exported to Australia, pet animals departing on any ship and certain sea creatures such as rock lobsters.

### *Exporting animals by air*

5. Live animal transport by air must comply with the International Air Transport Association's Live Animal Regulations. These regulations ensure that animals are transported in a safe, humane and cost-effective way. They include:

- container requirements for different species;
- space requirements for animals including the need to ensure that, at a minimum, animals must be able to stand naturally, turn around and lie down. Stocking density guidelines for sheep, for example, are that up to 15 animals with a weight of 70 kilograms can be transported per single tier pallet of 224 x 274 centimetres;
- ensuring adequate food and water is provided in the compartment/container (if required); and
- food and waste disposal requirements.



## Appendix Two: Value of live animal exports from New Zealand

- New Zealand's top live animal exports (2018 year ended June by value) were:
  - horses \$157 million (2,560 horses -most were racehorses for owners in Australia, Hong Kong, United States and Singapore);
  - cattle \$49.9 million (23,493 cattle -mainly to China and for breeding and dairy production);
  - poultry \$29.5 million (2.3 million day old chicks), mainly to China; live poultry exports are up from \$6.7m in 2012 eight years ago. China only started importing poultry from New Zealand in 2016 and has since grown to become our largest market. Prior to 2016, our other major markets were Bangladesh, Indonesia and Thailand).
  - goats \$0.932 million (783 goats -breeding goats to South Korea).
  - sheep \$0.503 million (219 sheep - live sheep exports have been less than \$1 million for the last ten years except in 2015 when a single one-off shipment of sheep were exported to Mexico worth \$10 million).
  - seafood (mainly to China, with species exported including live rock lobsters, mussels, oysters).
- The following table sets out the value of exports between 2013 and 2018, and the destination of exports.

New Zealand Export Statistics						
Commodity: 01, Live Animals						
Annual Series: 2013 – 2018						
Partner Country	New Zealand Dollars (\$NZ million)					
	2013	2014	2015	2016	2017	2018
Australia	90.0	94.4	93.4	110.1	125.2	114.3
China	66.8	218.3	42.2	95.1	68.0	54.2
Hong Kong	28.9	29.9	29.7	32.4	46.0	35.0
United States	0.6	0.1	4.0	5.3	12.7	11.4
Singapore	11.3	10.9	9.5	6.9	6.2	6.5
Bangladesh	1.2	1.2	4.7	4.2	4.6	3.5
Canada	4.4	4.6	4.6	3.8	2.2	2.6
Macau	2.8	2.3	3.1	3.6	1.6	1.4
Fiji	1.7	1.6	1.7	1.9	1.0	1.4
Indonesia	0.0	0.1	5.0	2.0	0.6	1.2
<b>World</b>	<b>220.7</b>	<b>378.7</b>	<b>234.0</b>	<b>283.3</b>	<b>290.3</b>	<b>240.5</b>

Source: Statistics New Zealand

- New Zealand is a small part of a larger global system of live animal trade. New Zealand's exports of livestock are only for breeding. Making a comparison of the global export market for live animals is difficult due to different units of measure for exporting live animals (i.e. number, or tonnes). Drawing comparisons on export value can also create difficulties as the export value of animals for breeding or slaughter is different.

## **Global Cattle trade**

4. The major exporting countries of live cattle are the EU28, Australia, Canada, and Mexico, with export revenues of \$NZ 2.1 billion, \$NZ 1.6 billion, \$NZ 1.2 billion and \$NZ 1.1 billion. The majority of the cattle exported from the EU28 (1,104,882) are exported to the Middle East (Turkey, Israel, Lebanon, and Libya). Cattle exported from Australia (1,150,525) are sent to South East Asia (Indonesia, Vietnam, and China). Canada's cattle (650,312) exports are essentially exported to the United States, as are those from Mexico.

## **Global Sheep and Goat trade**

5. The export value of live sheep and goats from the EU28, Australia, and India are valued at \$NZ 0.48 billion, \$NZ 0.18 billion, and \$NZ 0.06 billion respectively. Similar to their live cattle exports, the EU28's markets for sheep and goats are primarily destined for the Middle East (Libya, Jordan, and Israel). Sheep and goats exported from Australia are sent to Kuwait, Qatar, and Turkey. India exports to the UAE and Nepal.

## **Global Swine trade**

6. The major exporters of live swine are China, Canada, and Thailand. China's exports are focused on Hong Kong, Macau and Taiwan. The majority of Canada's (5,263,736) swine exports are to the United States. Thailand's (815,205) exports are centred on their neighbouring countries, Laos, Myanmar, and Cambodia. Their respective export revenues are \$NZ 0.62 billion, \$NZ 0.46 billion, and \$NZ 0.14 billion.

## **Global Horse trade**

7. The major exporting countries of live horses are the EU28, the United States, and the United Kingdom, with export revenues of \$NZ 1.2 billion, \$NZ 0.76 billion, and \$NZ 0.65 billion respectively (note figures for the UK are included in those of the EU28). The horses exported from the United Kingdom (29,257) and the EU28 (44,679) are predominantly for slaughter though some would also be for racing or breeding. The majority of United States' horses (161,338) are exported to Mexico or Canada for slaughter.

8. The scale of difference in the quantities of live animal exports between New Zealand and other similar nations is set out in the table below.

### Live exports by each country to the world

Live animal export numbers (2018)				
Country	Horses*	Cattle	Swine	Sheep and goats
United States	161,33	240,26	65,07	44,804
	8	7	6	
Canada	11,31	650,31	5,263,73	7,339
	8	2	6	
EU28	44,67	1,104,88	509,33	2,431,852
	9	2	3	
United Kingdom	29,25	120,06	2,77	245,487
	7	7	4	
Australia	2,10	1,150,52	-	1,237,888
	8	5		
	2,93	17,35	2	
New Zealand	2	8	3	1,012

\*Calendar year 2018

\*Source: Global Trade Atlas

\*Horses also includes Asses, Mules, and Hinnies

### Appendix Three: International obligations and trade considerations

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1. New Zealand benefits significantly from the rules based multilateral trading system and from the network of free trade agreements we have negotiated. Any measures that may be introduced on the export of livestock have to take into account New Zealand's legal obligations under the World Trade Organization (WTO) agreements and our various free trade agreements.
2. By operating in compliance with our WTO obligations, New Zealand maintains positive relationships with trading partners. This means that New Zealand can work with those trading partners to support good animal welfare practices. Without aid from countries that already have the expertise and resources to help, developing countries will have less assistance to improve their animal welfare systems.
3. The WTO General Agreement on Tariffs and Trade (GATT) limits New Zealand's ability to apply export prohibitions. These obligations are replicated in a number of our free trade agreements.

4. Legal privilege

5. Legal privilege

6. Free and frank advice, substantial economic interest

International  
relations



7. Legal privilege [REDACTED]
8. As mentioned earlier, New Zealand is also constrained by international obligations regarding extra-territorial limits. These prevent one country from attempting to enforce their own laws beyond another country's jurisdiction, even to protect animal health.

#### *Bilateral Relationship Implications*

9. A number of New Zealand firms export livestock on a commercial basis. In some instances exports have supported the development of commercial relationships.
10. Animals have also been imported under government programmes seeking to develop and improve domestic production. International relations [REDACTED]

11. Commercial obligations [REDACTED]

International

12. International relations [REDACTED]

13. International relations [REDACTED]

## *European Union*

14. It has been widely reported that the European Union (EU) has banned all live animal exports to countries with lower animal welfare standards. This is not the case.
15. This impression probably comes from a European Parliament Committee on Agriculture and Rural Development report published by the EU in January 2019 that recommends that, unless animal transport standards in third countries<sup>7</sup> are aligned with those of the EU, live animal transport journeys to third countries should be forbidden.
16. The European Court of Justice has ruled that, for the transport of animals originating in the EU, the [EU regulations on the protection of animals during transport and related operations](#) apply until the animals arrive at their final destination.

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<sup>7</sup> Countries that are not a member of the EU.