

AUSTRALIA'S QUARANTINE STANDARDS FOR COOKED CHICKEN MEAT FROM THAILAND

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FORWARD

This project was completed to fulfill the requirements of the Monterey Institute of International Studies' Master of Arts in Commercial Diplomacy degree.

For the purpose of this project, I assume the role of government relations officer of the Thai Broiler Processing Exporters Association. In this fictitious capacity, I have been charged with developing a strategy for eliminating a non-tariff barrier created as a result of Australia's excessively stringent quarantine standards for cooked chicken meat imported from Thailand.

I chose this topic for two reasons. First, as a major exporter of agricultural and food products, Thailand is more and more concerned with the increased use of quarantine requirements and health standards to protect domestic producers, particularly in developed countries. Thailand looks to the WTO Agreement on the Application of Sanitary and Phytosanitary Measures to prevent such misuse.

Second, Australia's quarantine standards are now a pressing problem for Thai chicken exporters. They have been seeking access to the Australian market for more than a decade, and they already have sunk significant resources into complying with Australia's standards, including improving processing facilities. Moreover, they fear that unjustified quarantine standards on cooked meat might set a precedent that would make it easier for the Australian government to adopt equally stringent quarantine standards when it begins considering standards for fresh frozen chicken imports. The addition of an overly stringent standard on fresh frozen chicken would effectively keep Thai chicken exports out of Australia.

I thank Professor Geza Feketekuty, my project advisor, for his guidance. I also thank Professor Daral Jackwood, an Ohio State University expert on poultry diseases, for sharing her invaluable knowledge of infectious bursal disease virus. Without their helpful advice, my project would not have been a success.

EXECUTIVE SUMMARY

This paper lays out a strategy for how the Thai Broiler Processing Exporters Association can persuade the Australian government to lower its current core temperature/time parameters for the heat treatment of cooked chicken imported from Thailand and other countries. The current parameters are not based on sound science and therefore constitute a non-tariff barrier that is inconsistent with the World Trade Organization's (WTO's) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement).

The strategy involves pressing the Thai government to action and developing strategic alliances, both domestic and international.

Background: Development of the Quarantine Standard

The issue of Australian quarantine standards for chicken first arose in 1990 when the Australian government began considering the importation of chicken meat from Thailand, Denmark and the United States. In response to domestic concerns about the introduction of Newcastle Disease and Infectious Bursal Disease Virus (IBDV), the Australian Quarantine and Inspection Service (AQIS) began a risk assessment on cooked chicken. It deferred a risk assessment of *uncooked* chicken meat pending completion of the first assessment.

In 1995, AQIS adopted the results of a 1988 study of IBDV conducted at the United Kingdom's Central Veterinary Laboratory as the basis for determining "safe" cooking times and temperatures. The decision met with strong opposition from the Australian Chicken Growers Council who argued that the experiment underestimated the risks associated with commercial cooking processes. For their part, Thai chicken exporters complained that the Australian heat treatment requirements were excessively stringent and commercially impracticable. The requirements would put Thai cooked chicken products at a competitive disadvantage by unnecessarily raising production costs and destroying the nutritional value of cooked meat.

To resolve the issue, AQIS commissioned the Central Veterinary Laboratory to conduct a new test on the heat inactivation of IBDV.

The experiment was completed in 1997. It confirmed that the temperature/time parameters adopted in 1995 readily inactivated Newcastle Disease Virus, but it also found that these parameters would not totally inactivate the strain of IBDV used in the tests. Thus, in November 1997, Australia announced that it would permit imports of cooked chicken meat from Thailand, Denmark and the United States that was processed at core temperature/time parameters between 70°C for 143 minutes and 80°C for 114 minutes. Again the decision met with protest from both Thai chicken exporters and the Australian chicken industry, and AQIS asked the British laboratory to carry out yet another round of tests.

This set of test results, submitted to AQIS in mid-1998, diverged greatly from previous ones. Using different IBDV strains and a different medium for suspending the virus, the new study found that IBDV was unexpectedly resistant to heat inactivation at temperatures lower than 74°C. Based on these new test results, AQIS again revised the minimum core temperatures/time parameters, requiring chicken meat to be cooked at between 74°C for 125 minutes and 80°C for 125 minutes.

Analysis of the Quarantine Standard

Australia's quarantine policy regarding imports of cooked chicken meat is inconsistent with Australia's commitments under the WTO's Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement).

- The SPS Agreement requires that risk assessments be based on sound science, however AQIS's risk assessment was not. The arbitrary use of strain CS 88, a highly virulent strain of IBDV, in the test was not justified by any objective evidence. To date, no research has been conducted to identify the strains of IBDV that are endemic in Thailand.
- The quarantine standards unjustifiably discriminate between Australia's own territory and that of other WTO members where identical or similar conditions prevail. While the Australians have argued that the country is free from IBDV, the Office International des Epizooties (OIE) reported of an occurrence of IBDV in Australia in 1997.
- AQIS' risk assessment failed to assess the possible existence of disease-free areas and areas of low-disease prevalence in Thailand. IBDV may be limited only to one or more specific geographical areas in Thailand. Therefore, chicken products coming from IBDV-free areas within Thailand should be considered on the basis of their disease status, not that of the rest of the country.
- AQIS has not explored alternative, less trade-restrictive means of safeguarding against IBDV outbreaks in Australia. According to Professor Daral Jackwood, an Ohio State University expert on IBDV, the virus can be controlled through an effective breeder vaccination program. This is also confirmed by another study conducted by the University of Florida's Institute of Food and Agricultural Science.

Australia's quarantine measures are unjustifiably strict and represent a continued non-tariff barrier to Thai exporters. This standard should be re-evaluated based on sound science. It should not be allowed to set a precedent that the Australian government could rely on in setting equally stringent quarantine standards when, in the future, it considers the importation of fresh frozen chicken. Excessively stringent standards on both cooked and fresh frozen chicken would effectively shut down the Australian chicken market to Thai chicken products.

Proposed Strategy

To pressure the Australian government to lower the existing core temperature/time parameters for the heat treatment of cooked chicken, the Association should pursue a strategy to build support for its position in Thailand, Australia and internationally.

National Strategy. The goal of the strategy is to ensure that the Thai government understands the importance of the issue and will give it a high priority. Proposed strategies include:

- *Coalition building.* Mobilize support of the Thai Chicken Growers Association and the Thai Feed Mill Association. Members of both organizations will benefit from the expansion of export markets for Thai chicken products.
- *Legislative strategy.* Build awareness in Parliament of the importance of this issue to the Thai chicken industry and the country's economy as a whole, thus pushing the government to work harder to resolve the issue.
- *Raise the profile of the issue.* The Association should ask the Board of Trade of Thailand to help raise the issue before the Export Development Committee.

Australian Strategy. The goal is to generate international pressure on the Australian government to quickly resolve the issue. Proposed strategies include

- *Alliance building.* The Association will seek support from potential allies who may be interested in importing relatively inexpensive Thai cooked chicken to satisfy their customers. These include fast food chains such as McDonald's and KFC and big supermarket chains such as Coles, Woolworth, etc. Another potential ally is the Australian-Thai Chamber of Commerce. If convinced of that the issue could have a negative impact on Thai-Australian trade relations, the Chamber may be willing to urge the Australian government to find a swift solution to the problem.
- *Media strategy.* The Association must reassure those who oppose imports as well as the Australian general public that Thai chicken processing facilities use effective risk management practices. To accomplish this, the Association should seek to publish op-ed pieces in influential newspapers in Australia.

• *Negotiation strategy.* The Association can share its ideas with the Thai government on how to negotiate with Australia. The options that Thailand may propose to solve the problem include:

- Invite Australia to send an inspection team to visit Thailand's export quality poultry farms. During an inspection tour by the Australian delegation in Thailand in 1997, only processing plants were visited.
- Propose that each batch of source birds be placed under quarantine for one week before being processed. Normally chickens infected with IBDV die within 4-5 days after infection.
- Seek Australia's recognition of IBDV-free areas in Thailand.

- Approach the Office International des Epizooties to conduct a field study on the strains of IBDV which are endemic in Thailand and Australia and, based on this study, develop international standards for verifying the inactivation of IBDV in processed chicken meat.

If negotiations fail, the recommended BATNA (Best Alternative to a Negotiated Agreement) is for Thailand to file a complaint with the WTO.

International Strategy. Again, the goal is to generate international pressure on the Australian government to quickly resolve the issue. The proposed strategy follows:

- *Coalition building.* The Association should pursue an alliance with the USA Poultry and Egg Export Council and the Danish Poultry Exporters Association. Members of both associations are affected by Australia's stringent SPS measures. They should be encouraged to urge their respective governments to work with the Thai government in negotiations with Australia.

BACKGROUND

Since mid-1980, Thailand, Denmark and the United States have made a number of requests to export both cooked and uncooked chicken meat to Australia. The Australian Quarantine and Inspection Service (AQIS) began considering the proposal to import chicken meat in 1990. However, the Australian Veterinary Association and domestic poultry producers voiced concern over the introduction of Newcastle Disease and Infectious Bursal Disease Virus (IBDV) through the imported meat. Either could pose a great threat to Australia's poultry industry and native bird populations. In response to these concerns, AQIS began an assessment of the risk of importing cooked chicken meat. It deferred assessment of uncooked meat pending completion of the cooked meat assessment.

In mid-1995, the Australian government decided "in-principle" to allow imports of cooked chicken that had been processed under specified temperature/time parameters proven to inactivate the disease viruses. To determine these specific parameters, AQIS considered a range of studies and then adopted a 1988 study of IBDV conducted by Dr. Dennis Alexander of the Central Veterinary Laboratory in the UK. This study, commissioned by General Foods poultry, New Zealand, recommended 70°C for 90 minutes and 80°C for 14.4 minutes for the inactivation of IBDV.

In 1996, AQIS published a draft protocol that set out core temperature/time levels for processing chicken meat:

- 70°C for 95 minutes or
- 72°C for 65 minutes or
- 74°C for 44 minutes or
- 76°C for 30 minutes or
- 78°C for 21 minutes or
- 80°C for 15 minutes

In reaction to AQIS's draft protocol, the Australian Chicken Growers Council argued that AQIS's risk assessment underestimated the risks associated with commercial cooking processes. For their part, Thai chicken exporters complained that the cooking regime proposed by the Australian government was commercially impracticable. The specified temperature/time parameters would not only unnecessarily raise production costs, but also would affect the quality of the cooked meat, thereby reducing the competitiveness of their products in the Australian market.

The issue was brought up for discussion in the Thai-Australian Joint Commission. Subsequently, in early 1997, the Australian government commissioned its own test by the Central Veterinary Laboratory.

In April 1997, a delegation from AQIS and the Australian poultry industry was sent to inspect four Thai processing facilities that had applied for the sanitary certification required for exporting to Australia. None of the facilities met the Australian sanitary requirements; all were told that they needed to improve their slaughter and processing facilities.

In July 1997, amid mounting protest from domestic poultry producers, the Australian government delayed a decision to open its poultry market to foreign imports until the Central Veterinary Laboratory completed its second trial and submitted the results to AQIS.

In September 1997, Thailand threatened to boycott US\$ 1.2 billion dairy and meat exports from Australia in retaliation for a continued ban on cooked chicken meat imports. The Australian Dairy Industry Council called on the Australian government to abide by the WTO's rules on non-tariff barriers and to lift quarantine barriers on imports of cooked chicken meat to escape the boycott. National Party leader Tim Fischer suggested the Australian government place a tariff on imported cooked chicken meat as a transitional arrangement, which WTO provisions allow.

On 7 November 1997, the Australian government announced a decision to allow imports of cooked chicken meat from Denmark, the United States and Thailand processed under the following core temperature/time parameters:

- 70°C for 143 minutes or
- 72°C for 137 minutes or
- 74°C for 131 minutes or
- 76°C for 125 minutes or
- 78°C for 119.5 minutes or
- 80°C for 114 minutes

The parameters were based on the Central Veterinary Laboratory's new test results, which confirmed that the existing temperature/time parameters readily inactivated Newcastle Disease Virus but would not totally inactivate the strain of IBDV used in the tests.

But protests continued from both Thai chicken exporters and the Australian chicken industry, and AQIS asked the Central Veterinary Laboratory to carry out yet another round of tests. The test results, submitted to AQIS in mid 1998, indicated that IBDV was unexpectedly resistant to heat inactivation at temperatures lower than 74°C. These test results differed from the previous study because it used different virus strains and a different medium for suspending the virus. Based on these new test results, Australia announced in June 1998 a revision of the minimum core temperatures/time parameters as follows:

- 74°C for 165 minutes or
- 75°C for 158 minutes or
- 76°C for 152 minutes or
- 77°C for 145 minutes or
- 78°C for 138 minutes or
- 79°C for 132 minutes or
- 80°C for 125 minutes

At a meeting in September 1998, the Thai National Sanitary and Phytosanitary Committee instructed the Livestock Department of the Ministry of Agriculture and Cooperatives to conduct its own risk assessment of possible IBDV-contamination in the production of cooked chicken. The assessment is now underway and is expected to be completed in April 1999. It is designed to account for IBDV prevention programs at the farm level; incidence of IBDV infection in Thailand; risk management for transporting chickens from poultry farms to slaughter houses; and quality assurance programs used by Thai chicken processing plants, including heat treatment, packaging, and shipment methods for cooked products.

ANALYSIS OF COMMERCIAL AND SUBSTANTIVE POLICY ISSUES AND INTERNATIONAL LEGAL ASPECTS OF THE ISSUE

Commercial Issues

Australia's very stringent requirements for the heat treatment of cooked chicken meat put Thai cooked chicken producers at a unfair disadvantage in the Australian market. Although Australia is not now a principal market for Thai chicken products, Thai suppliers could potentially capture 10 percent of the Australian cooked chicken market, worth about 920 million baht (A\$ 40 million), during just the first few years of exports. The Australian poultry market is estimated at 46 billion baht (A\$ 2 billion) annually. Annual consumption of chicken meat is now 27 kg per person compared with the consumption of beef and veal (40.0 kg per person), sheep meat (16.8 kg per person) and pork meat (18.4 kg per person). Based on the present trend, poultry meat could overtake beef and veal as the Australians' most preferred meat within the next ten years. Cooked chicken meat accounts for 20 percent of the market and sales are growing 10 to 20 percent per year.

Substantive Policy Issues

Infectious Bursal Disease is important from an economic viewpoint because it could cause huge losses for chicken producers. IBDV is highly contagious and remains infectious for several months in the poultry house environment. To eradicate the virus, a poultry house requires effective cleansing and disinfecting.

Nonetheless, Australia's imposition of stringent quarantine standards is protectionist in nature. The proposed cooking regime does not apply to domestically processed chicken products on the grounds that the country is free from IBDV. Although IBDV is most prevalent in Southeast Asia, Europe and North America, the Office International des Epizooties (OIE) 1997 yearbook reported cases of the disease in Australia. Thus, there is no scientific basis for granting preferential treatment to Australian producers.

Moreover, to achieve the level of protection it considers appropriate, AQIS has not adequately explored safety measures that are less trade restricting than heat inactivation measures. According to Professor Daral Jackwood, an Ohio State University expert on IBDV, the disease control used most often is vaccination of breeder flocks. Using this method, maternal antibodies are transferred to chicks and thereby protect the chicks for the first two critical weeks of life, a time when infection by IBDV causes the most immune suppression. Another study conducted by the University of Florida's Institute of Food and Agricultural Science also confirms that protection of chickens from IBDV can be achieved through a breeder vaccination program, supplemented by effective biosecurity measures (control of people, equipment and vehicles on the farm) and an effective broiler vaccination program. Moreover, regular ante-mortem and post-mortem inspection at the farm level can ensure that each batch of source birds is in good health before being transported to slaughterhouses.

At the processing stage, a one week quarantine is sufficient to ensure that the birds are IBDV-free because chickens infected with IBDV will normally die within 4-5 days. Cooked chicken meat destined for Australia may even be separately processed and stored. Quality assurance programs such as HACCP

introduced by Thai processing plants should also prevent exposure of cooked products to possible recontamination.

International Legal Aspects of the Issue

Australia's quarantine policy regarding imports of cooked chicken violates the WTO Agreement on the Application of Sanitary and Phytosanitary measures in many respects.

First, it is inconsistent with Article 2.2 of the Agreement, which requires SPS measures to be based on scientific principles. The risk assessment undertaken by AQIS was not based on a sound scientific approach. Even though the time and heat levels recommended for the inactivation of IBDV were derived from a scientific trial, the use of IBDV strain CS 88 in the test was not justified by objective evidence. AQIS and the Central Veterinary Laboratory arbitrarily assumed that this very virulent strain of IBDV is prevalent in Thailand. So far, no research has been done to identify which IBDV strains exist in Thailand.

Second, Article 2.3 requires that SPS measures do not arbitrarily or unjustifiably discriminate between products from WTO member countries where identical or similar conditions prevail. Despite the fact that IBDV cases have been reported in Australia, Australian domestic producers are not subject to the same temperature/time parameters as Thai producers.

Third, Australia's quarantine policy is inconsistent with the provisions of Article 6 because AQIS's risk assessment failed to assess the possible existence of disease-free areas and areas of low-disease prevalence in Thailand. IBDV or some strains of the disease may be limited only to one or more specific geographical areas in Thailand. Therefore, chicken products coming from IBDV-free areas within Thailand should be considered on the basis of their disease status, not that of the rest of the country.

ANALYSIS OF KEY PLAYERS AND POTENTIAL ALLIES

In Thailand

The Ministry of Foreign Affairs, in coordination with the Ministry of Commerce and the Ministry of Agriculture and Cooperatives' Department of Livestock, has led the Thai government's effort to confront Australia's unfair standards on chicken imports. Since Australia is a relatively small market in comparison to other major markets such as Japan and the EU, this issue may not be placed high on either Thai or Australian government agendas. The Ministry of Foreign Affairs, which is charged with promoting Thailand's relations with foreign countries, certainly does not want to see bilateral relationships between Thailand and Australia soured by this single issue. The Ministry of Commerce currently is exploring market opportunities in Australia for other agricultural products, and the Ministry of Agriculture and Cooperatives is now implementing a Thai-Australian MOU on agricultural cooperation (signed during the Australian Prime Minister's official visit last April). Moreover, Australia extended A\$160 million in aid to Thailand during the financial crisis.

For all these reasons, the Thai government may be reluctant to retaliate by boycotting Australia's dairy and meat imports. Nonetheless, the Broiler Processing Exporters Association might be successful in persuading the Thai government to impose a selective boycott on some of these products or delay importation of lupin seeds and skim milk. It might even persuade the government to apply very strict quarantine standards on Australian beef imports on grounds of reported cases of Blue Tongue disease in Australia, an animal

disease that is exotic to Thailand.

In Australia

With the supported of the Australian Veterinary Association (AVA), the Australian Chicken Growers Council (ACGC) has actively lobbied against proposals to import foreign chicken meat on the grounds that there is a high risk of importing Newcastle Disease and IBDV into the country. The process of import risk analysis carried out by AQIS, although based on scientific procedures, also allowed participation by stakeholders, including the industry concerned. The scientific process has been susceptible to pressure particularly from ACGC.

The Australian Chicken Meat Federation, which represents major chicken meat processors, has not been active in the lobby against chicken meat imports. Some of the Federation's members have been increasing their capacity and may even be looking to export opportunities. Imports of chicken meat will help assure a good, inexpensive supply of meat crucial to producing an internationally competitive product.

Although the final decision on quarantine will be made by AQIS, the Department of Foreign Affairs and Trade (DFAT) can influence the decision-making process to some extent, considering that DFAT is in charge of ensuring that Australia's trade policy is in line with its WTO commitments. Deputy Prime Minister and Minister for Trade Tim Fischer, leader of the National Party, was fully aware that Australia could not resist the global liberalization trend when he suggested that his country introduce appropriate safeguard actions such as a tariff or quota restriction on foreign chicken imports on a temporary and reducing basis. It is unclear whether he can gain support from other party members for this cause because his party has a constituency in rural Australia.

The Australian government may need to provide adjustment assistance to help the domestic chicken industry to adjust to the change in market conditions that chicken meat imports will bring. It may also look at export opportunities as an alternative way to help the industry. In either case, the government has to work hard and closely with the industry to help domestic producers become more competitive. According to an international benchmarking study in 1997, Australia lags behind other major chicken producers both in terms of price competitiveness and efficiency.

Potential allies

Besides the key players in Thailand and Australia already mentioned, other potential allies include the following:

In Thailand. Thai chicken growers will be our principal allies. An expanded overseas market means an increase in demand for chickens to be processed for exports. Likewise, animal feed companies will benefit indirectly from increased exports; they can expect their sales to increase as a result of growing demand for feed grains from chicken growers. Support from the Board of Trade of Thailand will also be important. The Board is represented on several governmental committees. It acts as the voice of business, pointing out concerns and offering opinions and recommendations on behalf of the private sector to the government. In addition to these three potential allies, the Australian-Thai Chamber of Commerce will not want to see commercial relations between Bangkok and Canberra strained as a result of any failure of the Thai and Australian governments to settle this problem.

In Australia. Fast food chains such as KFC and McDonald's and big supermarket chains such as Coles, Woolworth and Safeway are potential allies in Australia. The fast food chains may be interested in sourcing cheap precooked chicken meat from Thailand, while supermarkets may be interested in importing Thai chicken products to satisfy their lower-income customers.

In Denmark and the United States. Australia's quarantine policy also affects U.S. and Danish exporters. The USA Poultry and Egg Export Council and the Danish Poultry Exporters Association are likely to support our position. The U.S. government may be willing to support our position because the Australian import

standard for cooked chicken meat is just one of a number of standards that prevent Australian market access for U.S. agricultural products. As a major chicken exporter in Europe and a strong free-trade supporter, Denmark is likely to share the same interests.

STRATEGY PAPER

The Association's strategy should be to pressure the Thai government and encourage allies to press the Australian government to re-assess existing temperature/time parameters for the treatment of cooked chicken meat. To achieve this objective, the Association should pursue a strategy that will mobilize support from stakeholders in Thailand, in Australia and elsewhere.

Domestic Strategy

Objective. The Association's primary objective in pursuing the domestic strategy is to ensure that the Thai government will give this issue higher priority than it has to date. Given the relatively small size of the Australian market for Thai cooked chicken and the greater urgency of other bilateral issues, this issue has not yet been placed high on the Thai government's agenda.

Action plan.

Establish a coalition with other domestic stakeholders. The Thai Chicken Growers Association and the Thai Feed Mill Association are likely to support efforts to open the Australian chicken meat market because they will benefit from an expanded market. Letters should be sent to them, proposing the formation of a coalition that will lobby the Thai Government and Parliament. Coordinated lobbying efforts will draw greater attention and carry more weight than the Association's lone voice.

Raise the profile of the issue on the national export agenda. The Association should write to the Board of Trade of Thailand to request that it raise the issue before Export Development Committee. This will give a sense of urgency to the issue.

Generate awareness of the urgency of this issue in Parliament. In order to push the Thai government to resolve the issue swiftly, the Association should communicate to Parliament the importance and urgency of the issue for the Thai chicken industry. To secure Parliamentary support, the Association will write letters to the Senate Committee on Foreign Affairs and Trade and the House Committee on Agriculture and meet with key Committee members to seek their support.

Encourage the Thai government to exert more pressure on the Australian government. Although the Ministry of Foreign Affairs usually leads the Thai government in its discussions with the Australian government, the Association should also maintain contact with the Ministry of Commerce and the Ministry of Agriculture and Cooperatives. With WTO-related trade negotiations under its purview, the Ministry of Commerce will play an important role if the issue is to be taken to the WTO for dispute settlement. The Livestock Department of the Agriculture Ministry will provide relevant information about epidemiological surveillance and veterinary inspection in Thailand in support of the Thai positions in the WTO. Therefore, the Association should write to these Ministries to acknowledge progress made to date, encourage them to press Australia even further and share our ideas for approaching negotiations with Australia (see Negotiation Strategy Paper).

Secure support from Australian-Thai Chamber of Commerce. The Association should also write a letter to solicit support from the Australian-Thai Chamber of Commerce in Bangkok. By emphasizing how the issue can affect bilateral trade between Thailand and Australia, the Association will be able to encourage

the Chamber to urge the Australian government to reach agreement with the Thai government on this problem.

Australian Strategy

Objective. Australian domestic support from those who will benefit from the import will create pressure to counter a call for protection from Australian domestic chicken producers.

Action Plan.

Build alliances in Australia. Fast food chains such as KFC and McDonald's and big supermarket chains such as Coles, Woolworth and Safeway are potential allies in Australia. The fast food chains may be interested in sourcing cheap precooked chicken meat from Thailand, while supermarkets may be interested in importing Thai chicken products to satisfy their lower-income customers. The Association should write letters to solicit their support.

Reassure opponents of the import as well as the Australian public that Thailand's risk management program for processed chicken is effective. The Association must bolster public confidence in the quality of Thailand's chicken products. To achieve this objective, the media strategy will be employed (see Media Strategy Paper).

International Strategy

Objective. International pressure will help prompt the Australian government to find a swift and satisfactory solution to the problem. Therefore, the Association should work to mobilize support in the United States and Denmark, as well as in Australia.

Action Plan.

Align with the USA Poultry and Egg Export Council and the Danish Poultry Exporters Association. Although we will compete with U.S. and Danish exporters in the Australian market once it is opened, a quick resolution of the issue is of more immediate concern. We should write letters to ask for their support on our position and urge them to encourage their respective governments to coordinate efforts with the Thai government in pressing Australia for a swift and satisfactory resolution to the problem.

NEGOTIATION STRATEGY

Objective

To persuade Australia to revise, based on sound science, the temperature/time parameters for the treatment of cooked chicken meat. This will enable exports of Thai cooked chicken to enter the Australian market and prevent Australia from implementing an unjustifiably stringent quarantine measure when considering importation of other poultry products in the future.

Allies

The Thai government can build a coalition with the U.S. and Danish governments to negotiate with Australia. These countries' chicken exporters are also affected by Australia's stringent requirements. The USTR expressed concern regarding this issue in the 1997 and 1998 National Trade Estimate report on Australia.

Basic Arguments

In negotiations with Australia, Thailand should base its positions on the following arguments:

- Thailand understands Australia's concern about and recognizes its sovereign right to prevent the spread of Infectious Bursal Disease Virus. IBDV could have a long-term economic impact on the Australian poultry industry and threaten native bird populations in the country.

- The WTO's Sanitary and Phytosanitary Agreement requires risk assessments to be based on sound scientific principle. It also prohibits discrimination between domestic and foreign products if the same disease conditions exist in the importing country and exporting countries. Australia's quarantine measure is inconsistent with the Agreement because:

- Each of the various scientific approaches Australia relied on in determining risk was faulty. Although the temperature/time parameters required for the inactivation of IBDV were derived from scientific results, the use of IBDV strain CS 88 in the test was not justified by objective evidence. So far, there is no evidence that this very virulent strain of IBDV is prevalent in Thailand.

- AQIS failed to assess the possible existence of disease-free areas and areas of low-disease prevalence in Thailand. IBDV or some strains of the disease may be limited only to one or more specific geographical areas in Thailand. Therefore, chicken products coming from IBDV-free areas within Thailand should be considered on the basis of their disease status, not that of the rest of the country.

- The proposed cooking regime does not apply to domestic producers despite the occurrence of IBDV in Australia in 1997 as reported in the OIE yearbook. Thus, because disease conditions in Thailand and Australia are similar, chicken products from the two countries should be treated similarly.

Negotiation Tactics

- Remind Australia that despite occasional reports of Blue Tongue disease in Australian cattle, Thailand has allowed imports of Australian beef because of our confidence in Australia's system of veterinary inspection and sanitary certification. There has never been an outbreak of this disease in Thailand.
- Reconfirm that if this issue is not resolved, Thailand will suspend consideration of the Australian requests to export lupin seed and skim milk to Thailand.

Options

- Invite Australia to send an inspection team to visit the Thai poultry farms that supply chickens that, after processing, will be exported to Australia. During an inspection tour of the Australian delegation in Thailand in 1997, visits were made only to the Thai processing plants that had applied to export to Australia.
- Propose that each batch of source birds be placed under quarantine for one week because chickens infected with IBDV will normally die within 4-5 days
- Seek Australia's recognition for IBDV-free areas in Thailand.
- Approach the Office International des Epizooties (OIE) to conduct a study on the strains of IBDV that are endemic in Thailand and Australia and, based on the OIE study, develop international standards for verifying the inactivation of IBDV in processed chicken meat.
- Take the case to the WTO for dispute settlement.

MEDIA STRATEGY

Objectives

- Given a general concern about the spread of IBDV into Australia through imported cooked chicken, the Association must reassure the Australian general public that epidemiological surveillance and quarantine inspections undertaken by Thai veterinary authorities are effective and that quality control programs in Thai processing plants meet international standards.
- To help strengthen support for imports within Australia, the Association must generate public awareness of 1) the negative impacts of trade barriers to imports of foreign chicken and 2) the benefits Australian consumers will derive from foreign competition.

Action Plan

- Publish an op-ed piece in influential newspapers in Australia. Although *The Australian* claims to be the country's only truly national newspaper, the Association should also contact other influential local newspapers in each of Australia's six states, the Northern Territory and in Canberra where federal government policy is made.

Target Newspapers

- The Australian
- The Sydney Morning Herald and the Daily Telegraph in New South Wales
- The Age and the Herald Sun in Victoria
- The Courier-Mail in Queensland
- The Advertiser in South Australia
- The Times in Western Australia
- The Mercury in Tasmania
- Alice Spring News in North Territory
- The Canberra Times in Canberra

Interest Chart

PEOPLE	INTERESTS	OPTIONS	BATNA (Best Alternative to a
<i>The Australian</i>			

<p>Thai Broiler Processing Exporters Association</p>	<p>Help members gain access to the Australian market</p> <p>Prevent the Australian government from adopting equally stringent standards when considering import requirements for fresh frozen chicken</p> <p>Prevent other governments from following Australia in setting unreasonably stringent standards</p>	<p>Urge the Thai government to press Australia harder to lower the exiting temperature/time parameters</p> <p>Commission an expert to conduct a test on heat inactivation of IBVD</p> <p>Look for other markets</p>	<p>Ask the Thai government to</p>
<p>Thai Chicken Growers Association</p>	<p>Enhance opportunities for members to sell more chickens</p>	<p>Support Thai Broiler Processing</p>	<p>Support Thai Broiler Processing</p>
<p>Thai Feed Mill Association</p>	<p>Increase sales opportunities for members</p>	<p>Support Thai Broiler Processing</p>	<p>Support Thai Broiler Processing</p>
<p>Board of Trade of Thailand</p>	<p>Expand trade opportunities for member associations</p> <p>Promote national economic and trade development</p>	<p>Raise issue before Export Promotion Committee</p> <p>Urge Australian-Thai Chamber of Commerce to lobby Australian government</p>	<p>Raise issue before Export</p>

Ministry of Foreign Affairs (MFA)	<p>Gain credit for expanding export markets for Thai chicken products</p> <p>Promote the interests of Thai exporters in foreign markets</p> <p>Enhance MFA's role in foreign trade promotion</p> <p>Preserve good relations with Australia</p>	<p>Press Australia harder to lower existing temperature/time parameters</p> <p>Ask OIE to conduct a study on the strains of IBDV in Thailand and Australia</p> <p>Build an alliance with the US and Denmark to pressure Australia</p> <p>As MOC to file complaint with WTO</p>	<p>Ask MOC to file complaint</p>	
Ministry of Commerce (MOC)	<p>Gain credit for expanding export markets for Thai chicken products</p> <p>Maintain MOC's leadership role in foreign trade promotion</p> <p>Expand export opportunities for Thai exporters</p> <p>Eliminate barriers to Thai exports in foreign markets</p> <p>Promote int'l trade norms</p>	<p>Work closely with MFA in negotiations with Australia</p> <p>Impose a boycott on Australian dairy and meat products</p> <p>Delay consideration of some imports from Australia</p>	<p>File complaint with</p>	<p>WTO SPS Agreement</p> <p>Standards of chicken importing countries</p>

<p>Department of Livestock, Ministry of Agriculture and Cooperatives</p>	<p>Boost credibility of Thailand's veterinary inspection and health surveillance systems</p>	<p>Conduct a test on heat inactivation of IBDV</p> <p>Ask OIE to research the strains of IBDV present in Thailand and Australia and measure heat activation of these strains</p>	<p>Ask MOC to file</p>	<p>WTO SPS Agreement</p> <p>Standards of chicken importing countries</p>
<p>Senate Committee on Foreign Affairs and Trade</p>	<p>Gain credit for expanding export markets for Thai chicken</p>	<p>Pressure the government to solve the problem quickly</p>	<p>Ask the</p>	<p>WTO SPS Agreement</p> <p>Standards of chicken importing countries</p>

<p>House Committee on Agriculture</p>	<p>Gain credit for expanding export markets for Thai chicken</p> <p>Promote the interests of Thai exporters</p>	<p>Pressure the government to solve the problem quickly</p>	<p>Ask the</p>	<p>WTO SPS Agreement</p> <p>Standards of chicken importing countries</p>
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In Australia

<p>Australian Chicken Growers Council</p>	<p>Prevent the spread of IBDV which could have a devastating effect on the industry</p>	<p>Pressure the government to maintain the existing temperature/time parameters</p> <p>Enhance production efficiency</p>	<p>Enhance production efficiency</p>
<p>Australian Chicken Meat Federation</p>	<p>Protect members' market shares</p>	<p>Pressure the government to maintain the existing temperature/time parameters</p> <p>Enhance production efficiency</p> <p>Import foreign cooked chicken to maintain competitiveness</p>	<p>Enhance production efficiency</p>
<p>Australian Veterinary Association</p>	<p>Prevent the spread of IBDV into Australia</p>	<p>Recommend supplementary measures to prevent contamination of IBDV in imported chicken</p>	<p>Encourage Australia to jointly</p>

Australian-Thai Chamber of Commerce	Avert Thailand's threat to boycott Australia's imports Foster trade and investment between Thailand and Australia	Persuade the Australian	Persuade the Australian
Department of Foreign Affairs and Trade	Protect domestic producers Foster good relations with Thailand Promote bilateral trade with Thailand Avert Thai boycott	Maintain the existing temperature/ time levels Lower the existing temperature/time parameters in line with international practice Propose a joint study on heat inactivation	Propose a joint study on heat
<p><i>In Other Countries</i></p>			
US Poultry and Egg Export Council	Help members gain access to the Australian market Prevent the Australian government from adopting equally stringent standards when considering importation of fresh frozen chicken Prevent other governments from following Australia in setting unreasonably stringent standards Expand export opportunities for members	Urge the US government to press Australia to lower existing temperature/time parameters Commission an expert to measure heat inactivation of IBDV Look for other markets Ask the US government to file a WTO complaint Urge the US government to coordinate with Denmark and Thailand in negotiations with Australia	Ask the US government to file complaint with WTO

<p>Danish Poultry Exporters Associations</p>	<p>Help members gain access to the Australian market</p> <p>Prevent the Australian government from adopting equally stringent standards when considering importation of fresh frozen chicken</p> <p>Prevent other governments from following Australia in setting unreasonably stringent standards</p> <p>Expand export opportunities for members</p>	<p>Urge the Danish government to press Australia to lower existing temperature/time parameters</p> <p>Urge the Danish government to coordinate with Thailand and the US in negotiations with Australia</p> <p>Commission an expert to measure heat inactivation of IBDV</p> <p>Look for other markets</p> <p>Ask the Danish government to file a WTO complaint</p>	<p>Ask the Danish government to file complaint with WTO</p>
<p>USTR</p>	<p>Maintain US leadership in promoting free trade</p> <p>Promote international trade</p> <p>Help US chicken exporters gain access to the Australian market</p> <p>Eliminate barriers to US exports to foreign markets</p>	<p>Coordinate with Thailand and Denmark in negotiations with Australia</p> <p>Ask OIE to research the strain of IBDV that exists in the US</p> <p>Propose a joint US-Australian study of heat inactivation of IBDV</p> <p>File a complaint with WTO</p>	<p>File complaint with WTO</p>
<p>Ministry of Foreign Affairs of Denmark</p>	<p>Help Danish chicken exporters gain access to the Australian market</p> <p>Eliminate barriers to Danish exports to foreign markets</p> <p>Promote international trade</p>	<p>Coordinate with Thailand and the US in negotiations with Australia</p> <p>Ask OIE to research the strain of IBDV that exists in Denmark</p> <p>Propose a joint Denmark-Australian study of heat inactivation of IBDV</p> <p>File a complaint with WTO</p>	<p>File complaint with WTO</p>

Exhibit 1: Sample Letter to Domestic Stakeholders

Dear Sir,

I am writing to solicit your support in opposing Australia's quarantine standards for imports of cooked chicken meat from Thailand. To prevent the entry of Infectious Bursal Disease Virus into the country, the Australian government has set overly stringent cooking requirements—requirements that are commercially impracticable and that reduce the competitiveness of the Thai product in Australia. This measure is aimed at protecting Australian domestic producers from foreign competition. The Thai Broiler Processing Exporters Association has been working closely with the Ministry of Foreign Affairs and the Department of Livestock, Ministry of Agriculture and Cooperatives to solve the problem with Australia.

The issue is of crucial importance to the Thai chicken industry because if applied, this quarantine measure could set a precedent that Australia might follow when it begins considering quarantine standards for the importation of fresh frozen chicken. Adoption of excessively stringent standards for both cooked and fresh frozen meat would effectively exclude Thai chicken producers from the Australian market.

I invite you to explore with the Association opportunities for coordinating our efforts on this matter. It is imperative that the Thai government continue to give this issue a high priority. By working together we can increase Thai government's and the Parliament's awareness of this issue. Your support will strengthen our coalition's efforts in moving this highly important issue forward.

Thank you for your time and attention.

Sincerely yours,
President, Thai Broiler Processing Exporters Associatio

EXHIBIT 2: SAMPLE LETTER TO SENATE COMMITTEE ON FOREIGN AFFAIRS AND TRADE, AND HOUSE OF REPRESENTATIVES COMMITTEE ON AGRICULTURE

Dear Senator,

I am writing to draw your attention to an important problem confronting Thai chicken exporters who wish to enter the Australian market. Concerned about the possible spread of Infectious Bursal Disease Virus, the Australian government imposes excessively strict quarantine standards on imports of cooked chicken meat from Thailand. Although the Australian government's concern is valid, the proposed, excessively high temperature cooking regime is commercially impracticable. It destroys the nutritional value of the cooked meat, thereby reducing the competitiveness of Thai chicken products in the Australian market.

Because the risk assessment used in determining the temperature requirement was not based on sound scientific principles, Australia's quarantine measure unfairly discriminates against Thai exporters in favor of domestic producers and violates the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

This issue is not new. Thailand first submitted an application to export chicken meat to Australia in 1990. We fear that, if the issue is not resolved soon, the existing, excessively high standard for cooked meat might set a precedent that Australia could follow when it begins considering imports of fresh frozen chicken. Overly stringent standards on both cooked and fresh frozen meat would effectively shut down the Australian market to Thai chicken products.

Boosting exports is crucial to Thailand's economic recovery, and resolving this issue favorably will help develop a large new market for Thai chicken exporters. We estimate Thai cooked chicken exports could capture some 10 percent of the Australian market (worth 920 million baht) during the first few years after receiving import licenses. The Australian poultry market is estimated to be worth 46 billion baht annually. Cooked and further processed chicken products account for 20 percent of the Australian poultry market, and sales of these products are growing at an annual rate of 10 to 20 percent. It is important that we penetrate this new market early to establish a strong presence over the long term.

While we acknowledge the Thai government's efforts to solve this issue with Australia, we wish to see a swift and satisfactory resolution to the problem. Your support would help move the issue forward.

Sincerely,
President, Thai Broiler Processing Exporters Associatio

**EXHIBIT 3: SAMPLE LETTER TO THAI MINISTERS OF FOREIGN AFFAIRS, COMMERCE,
AND AGRICULTURE AND COOPERATIVES**

Excellency,

The Thai Broiler Processing Exporters Association appreciates the attention that you and your staff have been giving to an issue of great concern to the Thai chicken exporters: Australia's quarantine regulations for imports of cooked chicken from Thailand. As you are well aware, Australia's requirements for the heat treatment of cooked chicken meat are commercially impracticable and discriminate in favor of domestic producers. Although the WTO Agreement on the Application of Sanitary and Phytosanitary Measures requires that discriminatory measures be supported by sound science, the scientific process used to establish Australia's standard was flawed.

We encourage you to press the Australian government harder to lower the specified temperature/time parameters to a commercially practicable level that is justified by sound scientific evidence. We attach an outline for building a negotiating strategy for this issue, and we would be happy to meet with you to discuss this strategy further.

Thank you again for your attention to this matter. We urge you to continue to press the Australian government for a swift and satisfactory resolution to this problem. Your leadership in promoting the international trade interests of Thai chicken exporters is greatly appreciated.

Sincerely yours,
President, Thai Broiler Processing Exporters Association

EXHIBIT 4: SAMPLE LETTER TO AUSTRALIAN-THAI CHAMBER OF COMMERCE

Dear Sir,

On behalf of The Thai Broiler Processing Exporters Association, I am writing to solicit your support for our Association's position on Australia's quarantine regulations for imports of cooked chicken meat from Thailand.

Australia lifted its ban on imports of cooked chicken meat from Thailand in November 1997. Nevertheless, the heat treatment requirements it set for imported chicken meat are so stringent they prevent the Thai product from entering the Australian market.

This quarantine measure does not apply to domestically produced chicken meat despite the fact that the Office International des Epizooties 1997 yearbook reported an occurrence of Infectious Bursal Disease Virus (IBDV) in Australia. Furthermore, the process of risk assessment carried out by Australian Quarantine Inspection Services (AQIS) was not based on a sound scientific approach.

This policy constitutes unfairly discriminatory treatment of Thai chicken producers. It is designed to protect Australian chicken producers, and it serves to curtail trade bilateral trade between Thailand and Australia. If not satisfactorily resolved, the issue may adversely affect Australian-Thai bilateral trade relationships. The Thai government may consider a boycott or delay consideration of certain imports from Australia in retaliation.

I encourage you to call on the Australian government to find a swift and satisfactory solution to this problem. Your support will help move the issue forward and avert undesirable repercussions. Thank you for your time and attention.

Sincerely yours,
President, Thai Broiler Processing Exporters Association

EXHIBIT 5: SAMPLE LETTER TO POTENTIAL ALLIES IN AUSTRALIA

Dear Sir,

Now that the Australian government has decided to lift its ban on imports of cooked chicken meat from Thailand, your company may be interested in importing our products in order to provide another alternative to your customers. To our regret, your government's very stringent quarantine requirements effectively prevent Thai chicken processors from serving the Australian market. As it stands, the cooking requirement results in overcooking that, in turn, depletes the nutritional value of the cooked meat.

I am writing to solicit your support of a revised cooking requirement that neither destroys the nutritional value of the meat nor puts Australian consumers or bird populations at risk.

Our industry is committed to providing good-quality, safe products for domestic and international customers alike. Although Canada, Japan, and the EU impose strict quarantine standards on imports of foreign meat, our chicken products, fresh frozen or cooked, have long been available in these and other international markets.

We ask you to urge the Australian government to consider reviewing the existing cooking regime so that our chicken producers will be able to supply your company with their relatively inexpensive yet high quality products.

Thank you for your time and attention.

Sincerely,
President, Thai Broiler Processing Exporters Association

EXHIBIT 6: SAMPLE LETTER TO POTENTIAL ALLIES IN THE UNITED STATES AND DENMARK

Dear Sir,

As you are well aware, the Australian government maintains a very stringent policy toward imports of cooked chicken meat from the United States, Denmark and Thailand. Apparently, this quarantine measure is aimed at protecting Australian domestic producers. Only foreign suppliers are subject to this commercially impracticable cooking regime.

We hope that you will join our effort to increase the political awareness of the importance of this issue in our respective governments and encourage them to coordinate their efforts in pressuring the Australian government to lower the core temperature/time parameters for the treatment of cooked chicken meat. If unresolved, this problem will likely set a precedent for Australia to adopt an equally stringent sanitary standard when it begins considering importation of other poultry products. Excessively high standards on both cooked and fresh frozen meat will effectively bar foreign suppliers from entering the A\$ 2 billion Australian poultry market.

Thank you for your time and attention.

Sincerely,
President, Thai Broiler Processing Exporters Association

EXHIBIT 7: SAMPLE OP-ED FOR LOCAL AUSTRALIAN NEWSPAPERS

Although Australia lifted its ban on imports of cooked chicken meat from Thailand in 1997, Thai chicken producers are still unable to export to the Australian market because the Australian government requires Thai chicken meat to be treated at commercially impracticable core temperature/time parameters. The specified cooking regime puts Thai chicken meat at a competitive disadvantage. It results in overcooking which, in turn, destroys the nutritional value of the meat.

Canberra's quarantine measure is aimed at ensuring the total inactivation of Infectious Bursal Disease Virus (IBDV) in the chicken meat. We share Australia's concern about the spread of IBDV, which could threaten the Australian domestic poultry industry and its native bird population. However, Canberra is discriminating against Thai chicken producers in favor of Australian domestic producers on the grounds that IBDV is an exotic disease in Australia. In fact, Australia is not free of this disease; the World Animal Health Organization reported an IBDV case that occurred in Australia in 1997.

Important as it is, heat treatment addresses just one stage of the production process. Preventive measures such as effective veterinary inspections and risk management play a no less important role in reducing risk. Our chicken products, fresh frozen or cooked, have long been available in many other international markets, including Canada, Japan and the EU even though these countries impose quite strict quarantine standards on imports of foreign meat. This alone should prove the effectiveness of quality control in the production of Thai chicken. However, Thai producers have also taken action to improve their processing facilities and meet Australia's sanitary requirements.

The Australian government's quarantine measure not only restricts Australians' choices for relatively inexpensive yet high quality foreign chicken meat, it also provides a disincentive for Australian producers to enhance efficiency. Foreign competition will encourage the domestic poultry industry to adjust itself,

enabling it to produce more competitive products for the domestic market and to take fuller advantage of the export opportunities in overseas markets.

Moreover, this discriminatory policy goes against Australia's leadership role in promoting free trade. Like Thailand, Australia is a major agricultural and food exporter. It is in our interests to ensure that our trading partners use sanitary and phytosanitary standards only to the extent necessary to protect human, animal or plant life or health. Equally important is that we remain committed to our obligations under the WTO's Agreement on Sanitary and Phytosanitary Measures to preserve the integrity of the multilateral trading system.

We urge Canberra to stop its discriminatory treatment of foreign chicken suppliers to enable them to supply Australia with their high quality yet inexpensive products. A satisfactory solution to the problem will also help promote mutual understanding and bilateral trade between Thailand and Australia.

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