

**TECHNICAL BULLETIN  
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**THE POTENTIAL FOR  
NORTHERN TERRITORY BEEF  
AND CATTLE EXPORTS TO  
EAST MALAYSIA AND BRUNEI**

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A report on the secondment of Geoff Beere to the Sarawak Economic Development Corporation between May 1982 and April 1984.

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THE POTENTIAL FOR NORTHERN TERRITORY BEEF AND CATTLE EXPORTS  
TO EAST MALAYSIA AND BRUNEI

1. INTRODUCTION

As a result of discussions in 1981 between the Minister of Primary Production, Government of Northern Territory and the Government of Sarawak the services of a Department of Primary Production Officer were offered to Sarawak to improve abattoir facilities and establish a retail meat outlet in the capital, Kuching, under a project to be called the Sara-Bif Project.

I was seconded to the Sarawak Economic Development Corporation, a semi Government authority, in May 1982 and remained in the post for two years. My duties were to manage an abattoir in Kuching and establish a retail outlet for beef in the city.

The report describes the social, economic ethnic and religious aspects of Sarawak as they are relevant to meat consumption and import. It describes the existing beef market, the involvement of government in the Beef market the operation of the Sara-Bif Project. It describes the cuts of meat traditionally in demand and possible changes in these preferences. Finally it comments on the potential for export of N.T. beef to Sarawak, Sabah and Brunei.

2. SARAWAK, SABAH and BRUNEI

As my experience relates mainly to Sarawak, this report deals with that State in some detail. Brief mention is also made of Sabah and Brunei. The following sections contain a summary of important statistics and factors relating to each of the states.

## 2.1 SARAWAK

Population 1.2 million

Area 124 500 sq km = 38% of the area of Malaysia.  
Sarawak is the largest of Malaysia's 13 states.

### Main Ethnic Groups

Chinese: 31% of total population. Made up of Christians, Buddhists (non beef eaters) and some Muslims.

Ibans: (Indigenous) 29% of total population. Made up of Christians, some Muslims and some indigenous people with other religious beliefs.

Malay: 20% of total population. Mostly Muslims.

Land Dyak: 9% of total population. Mixed religions (indigenous).

Other Indigenous: 5% of total population.

Others: 1% of total population.

<u>Major Cities</u>	<u>Estimated Population</u>
Kuching (capital)	170 000
Sibu	110 000
Bintulus	80 000
Miri (major oil centre)	110 000

Beef Imports

Frozen Beef. Approximately 1 000 tonnes per annum.

Live Cattle. Approximately 2 500 tonnes equivalent per annum.

Frozen Beef Imports

1982-83 - 680 tonnes

1983-84 - 750 tonnes

1984-85 - Close to 1 000 tonnes

Approximately 75% of frozen beef imports come from Perth or Adelaide. No frozen beef imports come from the Northern Territory.

Local Beef Production

Approximately 500 cattle per year.

Per Capita Beef Consumption

Approximately 2 kg per annum.

Buffalo

There are very few buffalo in Sarawak. Buffalo meat is sold as bovine meat.

## Eating Patterns of the Ethnic Groups

### Chinese:

Pork is eaten widely by the Chinese and is brought from wet markets around the cities while still warm to the touch. Meat is sold in wet markets on the same day as slaughter with no refrigeration. There are a number of very modern piggeries in Kuching that turn off 60 000 porkers a year. The pigs are slaughtered in a modern but badly run abattoir. The pork is over-fat by Australian standards and the later in the day that it gets sold the cheaper it is. Pigs are slaughtered from 11pm till 4am in the morning 6 days a week.

Chinese, excepting Buddhists, currently eat only a small amount of beef and, unless they are Muslims do not need ritually slaughtered beef. As the standard of living is rising rapidly, this should also increase the demand for beef.

Chinese and all Asians would like to have more beef in their diets. They understand that red meat plays an important part in their children's growth. Fish and poultry play an important part in their diets. In my two years in Sarawak fish prices rose due to decreasing catches. In future years, this factor will continue to have a positive effect on the demand for beef.

### Ibans:

These are all indigenous people. The majority of Ibans do not live in the cities. They eat little beef and if they own cattle they usually sell them to the city butchers. However, the richer Iban people in the towns did buy beef. Ibans are mainly farmers who raise their own pork and poultry and grow a lot of vegetables.

MALAYS

The great majority of Malays are Muslims. Muslims require meat to have been slaughtered in a specific manner, by a Hadji, a person qualified in the ritual. This method of killing is called Halal slaughter. In the Sara-Bif Project Halal slaughter was strictly observed, as any transgressions would have meant the cessation of the project.

Most Muslims prefer or will only eat, locally slaughtered beef. The importation of live cattle for local slaughter is, therefore, essential. In addition, the live cattle trade provides an opening for development of the local retail trade and ultimate possibilities for frozen and chilled beef.

Beef is consumed in large amounts at the end of the fasting month, Ramadan, and at weddings, where both families would buy a live animal. An entire animal would be preferred, one that was not dehorned and definitely not sick or wounded. The names of the family would be read out by the Hadji during slaughter.

Most beef is eaten in curry dishes. This form of cooking requires lean beef which has been trimmed to 90% visual lean. No pork is consumed by Malays. Poultry consumption is high. Poultry also is slaughtered by the Hadji. Fish is another favourite and is eaten nearly every day in some form.

**Land Dayak:**

Another indigenous race that lives mainly in rural and remote areas. They grow most of what they eat.



Other indigenous: 5%

These are the people that live in the jungles and once again either grow or hunt for their requirements.

## 2.2 SABAH

This Malaysian state has a much higher buffalo population than Sarawak and they are used extensively as a work animal. Aged buffalo are slaughtered and eaten. In Sarawak there are virtually no buffalo. Butchers in the fresh meat market may try to sell buffalo meat as bovine, even going to the extent of hanging a bovine head with the buffalo cuts. The opposite situation applies in Sabah.

Fresh beef marketing in Sabah is well co-ordinated by an agreement between a Semi-Government Authority and the Desa Cattle Company. On my three short trips to Sabah, frozen beef infrastructure seemed to be at a similar level of development to that in Sarawak. Imports of frozen beef are approximately 500 tonne per year, none of which is supplied from the Northern Territory.

## 2.3 BRUNEI

Brunei is a very rich, independent oil country. It has a very high level of per capita income and offers a potentially large market for high value goods such as beef. However there is strong competition in this market. The Muslim ritual requirements for the slaughter of animals are strictly followed so most beef imports are in the form of live slaughter cattle. Live cattle imports totalled 4 240 in the 1983-84 financial year. I understand that approximately 300 tonne of Australian frozen beef was imported in the same year.

### 3. MALAYSIAN GOVERNMENT INVOLVEMENT IN THE BEEF SECTOR

Government involvement has played an important part in the Malaysian meat industry and the history of the project to which I was seconded. Some explanation of this involvement is needed to put the project and the meat industry into perspective.

All livestock marketing and distribution within the 13 states of Malaysia is controlled by an organisation called Maja Turnak. This organisation built a number of slaughter houses, feed lots, small farms, etc. and managed them from Kuala Lumpur the Malaysian capital, which is located on peninsular Malaysia. These enterprises failed and Maja Turnak handed them over to the various Malaysian state governments.

The Sarawak Economic Development Corporation (SEDC) is a semi-government authority which, among other things, manages projects which the private sector cannot handle. Generally it encourages joint ventures with overseas countries or governments to run such projects. The overseas company provides the expertise while the SEDC does feasibility studies, looks after the accounting, provides the land, and staffs the project. The SEDC usually retains 51% ownership in each of its projects. Once a project achieves and maintains profitability it is usually sold or passed on to the private sector. A number of projects have been handled by the SEDC including cement pipes, cement factories, car assembly plants and medical projects. The Sara-Bif project to which I was seconded will probably be retained by the SEDC because of its role in supplying fresh and frozen Halal beef to the people and its consequent political importance.

The abattoir with which I was associated was initially built by Maja Turnak before being taken over by the SEDC. In its early history the project experienced a number of problems.

#### 4. THE SARA-BIF PROJECT

My commission was:

- (a) To finish the planning and to supervise the completion of the abattoir.
- (b) To organise a feed lot.
- (c) Establish wholesale and retail outlets. In the 5 years preceding my arrival only 300 Australian slaughter cattle had been imported. There had been a high level of yard deaths and most cattle lost weight in the feed lot. Furthermore, butchers had been boycotting importers to force prices down.

The project grew quickly due to a combination of help from the Department of Agriculture and SEDC engineers, and the ease with which building work could be contracted out. The company directors permitted the purchase of efficient, easy to clean equipment from Australia, although it was much more expensive than that available from other sources. The directors also allowed money to be spent on yard improvements and feed when it was demonstrated that weight gains could be produced in the feedlot instead of the previous weight losses. A program of training for employees was implemented and proved to be successful. The workers were attentive and receptive because they could see the better colour, quality and storage life of our product compared with that of the wet market butchers. Within 4 months Sara-Bif had a feed lot with an average 200 head on feed, a properly functioning abattoir, and a wholesale and a retail outlet.

In January 1984 Sara-Bif commissioned a 20°C holding room at the Kuching abattoir site and received its first 20 tonne container of frozen beef.

By the end of my secondment Sara-Bif had established wholesale and retail outlets at each of the four major cities, an abattoir at Kuching and at Mire, a supermarket outlet and a thriving beef burger business. Sara-Bif was also importing 20 tonnes of frozen beef from Perth every six weeks. In 1983, the original shop in Kuching grossed \$M700 000 (approximately \$A350 000).

Sara-Bif also established a trading company importing such things as farm machinery, heifers, bulls and goats for distribution through the Department of Agriculture.

#### 5. THE MARKET ASPECTS

For many years and even today cartons are transported to cold stores (mostly Chinese owned) in open trucks. Coldstores are usually of pre-war construction and very inefficient. Importers must lose 10% of their profit through blood drip and bacterial discolouring. All frozen beef used to be sold through wet markets with a few prime cuts packed and sold in supermarkets. Supermarkets had a very small turnover.

In Kuching there were 17 butchers in the wet market. Each had their own stall with a little wooden table. Very early in the morning the Chinese importers would deliver to the stall what the butchers thought was his day's requirements. In the evening the importer would collect what was not sold and the butcher would be paid for what had been sold. The next day the butcher would have to take back the unsold part carton which had been refrozen over night along with the flies and other market dirt. The only reason the public accepted this was because there was no alternative market supply. Lack of alternative supply was the reason the Government established Sara-Bif.

The health aspects of this sort of marketing system are obvious. Health inspection authorities appeared to have little ability to regulate the sale of meat. Early attempts by Sara-Bif to improve the wet Market met with little success. Consequently, Sara-Bif opened up its own outlets to offer the consumer a superior product. Sara-Bif also provided consumer education on storage and preparation. This forced market butchers to improve their operations.

Most workers in Sarawak are paid at the end of the month. Consequently the project's butcher shops as well as the wet markets face a large peak in demand in the first two weeks of each month.

Frozen beef was retailed 20-25% cheaper than the fresh product.

It was suggested initially that Muslims and Chinese would never eat chilled beef, but would only buy meat that was warm to touch. However when it became known that meat could be bought once a week and stored at home chilled meat became popular. With the resources available from SEDC and the Singapore office of AMLC extensive advertising on radio and television was possible and brochures of cooking hints and recipes translated into Malay and Chinese were distributed.

## 6. HALAL SLAUGHTER

A large proportion of the population in Sarawak are Muslims. These people will only eat meat which has been slaughtered in a particular ritual manner, called Halal slaughter. All animals slaughtered at the project's abattoirs were slaughtered in this way and all imported frozen beef was certified Halal meat.

The person who performs the slaughter is called a Hadji. A Hadji is a person who has made a pilgrimage to Mecca and is recognised by a white skull cap. Sara-Bif hired a Hadji to perform the slaughtering. The Halal slaughtering technique is to restrain the animal (in our case in a hydraulic cage or box) with its open neck facing Mecca. The Hadji then says a few words of prayer and proceeds to cut the animals throat from ear to ear, severing the trachea, oesophagus and main blood vessels. After incidents when fairly angry animals chased the Hadji around the slaughter floor and after meetings with the Mufti (head of the Religious Department) the use of a captive bolt was permitted.

## 7. CUTS OF MEAT

Market butchers sold mostly trimmed cuts of low fat cover such as blades, PE (Point End) briskets, chucks, topside, outside and knuckle. Most came from cow and bull beef. Blanched tripe and beef livers were also popular.

There were three categories of meat cuts sold by Sara-Bif:

### Prime cuts:

Rump, Sirloin, Fillet, Cube Roll

### Choice cuts:

Blades, PE Briskets, Knuckle, Outside

### Economy cuts:

Shin Beef, Flank, NE Brisket

### Bones:

All marrow bones, long bones, lumber vertebra and Aitch bones(cervical vertebra) were cut up and sold. About 60% of rib cages including briskets were cut in 1½" strips across the ribs and sold for soup or curry.

Mince:

Trims were minced. Initially mince was offered in an open tray in a cabinet but it sold very slowly. It was then pre-packed so that customers could pick up and examine the product, and it commenced to sell. Poorer types of cattle were utilised for mince.

In the second year Sara-Bif started making Beef Burgers using imported frozen beef. This product started slowly but expanded well and finally had two people working on it full time.

8. IMPORTING MEAT

As from the beginning of 1983 the Sarawak Religious Department followed other Malay States in disallowing importers from receiving part containers with seals broken which had been re-sorted in Singapore. Apparently agents were putting illegal Hali markings (stamps) on non Halal cartons of beef. This move may not have been only for solely religious reasons but to take shipping business away from Singapore and give it to West Malaysia. This eliminated many small importers in Sabah and Sarawak because they could not afford complete 20 tonne container loads.

Before clearing containers of meat through customs, quarantine etc., a representative from the Religious Department and a Veterinarian check that Halal certificates agree carton by carton with the Form 8 (DPI) and they recheck seals. Little notice seems to be taken of the temperature recorder or its effect on quality.

## 9. MARKET POTENTIAL

Beef consumption in Sarawak is currently 2 kg per head per year. The standard of living is rising, offering a potential increase in the level of beef consumption if the market is properly exploited by developing market infrastructure and educating consumers in the storage and cooking of beef.

Live cattle are already shipped directly from both Darwin and Wyndham but there is potential to supply frozen meat from the Northern Territory as well as meatmeal, grain and fruit. These commodities are currently trans-shipped through Singapore and take much longer than direct shipping from the Northern Territory. For example, it used to take up to 60 days for containers of frozen beef from Perth to reach Sarawak.

Also, a feedmill in Sarawak used to get 100 tonne of meatmeal at a time which was shipped from Broome, Derby and Wyndham to Perth, then to Singapore or West Malaysia, and then to Sarawak. Besides NT exports there is also potential for backloading of timber from Sarawak and Sabah.

The Francis Bay as well as other ships going to Sabah, Brunei and Sarawak seem to have the facilities to handle frozen containers and 14 days is the longest sailing time. With the shipping available and a large advantage in shipping time it appears illogical that the Northern Territory is not supplying frozen beef to these countries.



In my opinion 30% of beef imports would need to be supplied by live imported cattle. These would be required for weddings and feasting after the fasting month. The reason why live imports would be required is that very religious people will only eat beef on these occasions which has been slaughtered by a Hadji that they know. Consequently, the live export market to Sarawak is to some extent assured, and must be supplied to sponsor the more rapidly growing frozen market.

An important factor in predicting market potential is that the states of Sarawak and Sabah, and the country of Brunei are free of foot and mouth disease. Their Departments of Agriculture have so far resisted political and other pressure to accept beef from cheaper, foot and mouth affected, sources such as India. Peninsula Malaysia on the other hand has relaxed its import restrictions to allow meat imports from foot and mouth disease affected countries. The reasons for this is that Peninsula Malaysia has itself had recurring foot and mouth disease outbreaks in recent years.

## 10. CONCLUSIONS

Development of direct beef trade between the NT and East Malaysia would be facilitated by adopting the following strategies:

- (a) Utilisation of direct shipping.
- (b) Packing beef according to the specific requirements of these markets. Some of these requirements have been referred to in earlier sections. Provided the marketing is done properly, the East Malaysian market could take almost all types of NT slaughter cattle. The exception would be crackers and over fat animals.

In general, packing to meet the East Malaysian market preference will result in a higher proportion of saleable products per animal than is normally expected in Australian meat processing operations.

This is due to the market preference for more bone (eg. rib cages cut into strips, shin bones with muscle intact and cut in inch thick segments across the bone), tripe and other edible offals.

This may particularly benefit to smaller abattoirs without rendering and by-product plants.

- (c) Use of the Malaysian State (in Sarawak and Sabah) Department of Religion rather than the Australian Federation of Islamic Council (AFIC) to certify Halal products. Advantage would be gained by engaging a Hadji from the State with whom trade is taking place.
- (d) Have the Australian standard meat works concept accepted for export to Asian countries. I feel the point has to be raised again that this market does not need the USDA export standard set by the Commonwealth Department of Primary Industry (DPI). It needs a good clean wholesome product that satisfies religious requirements.
- (e) Take advantage of the foot and mouth free ruling. Indian beef that I sighted in West Malaysia was able to be imported at approximately 60% of the price of the Australian Beef and they certainly were not following DPI USDA standards.
- (f) We should provide importers with advice on ways to improve their storage facilities, transport, distribution, storage of live product, cutting ideas, and most importantly consumer education. We

put a great deal of emphasis on how our product arrives in the country and then we forget about it.

Meat processors who are interested in developing this trade will need to ensure that this sort of post sales service is undertaken by one means or another.

In the development stages, individual exporters may need to undertake these tasks at their own initiative and at their own cost. If development of this beef trade is considered to have a high priority by the Northern Territory Government a useful role could be performed by either the Northern Territory Development Corporation or by placing a permanent trade development officer in East Malaysia.