

Meeting of the sub-group on animal welfare labelling

Third meeting, 18 May 2022
(Videoconference)

– MINUTES –

Attendance

Independent expert	Jarkko Niemi
Civil society organisations	Eurogroup for animals Four Paws
Business and professional organisations	COPA EMN ERPA (excused) FVE
Member States	Denmark Germany (excused) Spain
European Commission	SANTE G5
Guests	ICF

Discussions

1. Presentation of the study on animal welfare labelling by ICF

This first part of the meeting was dedicated to a presentation by the contractor on the study on animal welfare labelling that has been published by the Commission:

<https://op.europa.eu/en/publication-detail/-/publication/49b6b125-b0a3-11ec-83e1-01aa75ed71a1/language-en>

The presentation is annexed to the minutes.

2. Questions and answers on the study

There were questions related to the findings and the methodology of the study.

The study found differences in the level of interest and willingness to pay between age groups, the youngest being more interested. This difference was not associated with a difference in the level of knowledge on animal welfare, despite the positive correlation observed between the level of knowledge and the level of interest in general.

The level of awareness was tested through false or true statements on the most current farming practices in different species.

Operators were consulted via scheme members of eight schemes and through representative associations.

Incentives for farmers to embark on a scheme are highly dependent on the sector and the country concerned.

The consumer survey was based on a representative sample of the population considering gender and age for all Member States (which smaller sample for Member States with small population).

Consumer interest was tested through third person question, i.e. about what the person believes the compatriots would do instead of asking directly what the person would do, limiting the bias related to social expectations.

The effect of animal welfare label on consumer price and how benefits are shared along the food chain is complex and variable depending on sectors and countries. Evidence is difficult to collect due to reluctance of food processors and retailers to share data on prices. However, it seems that the greater part of the profit goes to retailers. Based on this limitation, the study found that farmers receive additional revenues for improved welfare standards but that the premium did not always fully cover the cost and investment of participating in the scheme. Similarly, the additional production costs are not necessarily reflected by increased price at consumer level.

As regards the geographical differences between countries, the study confirmed that there is a higher trust in authority/public institutions to manage labels in Northern European countries than in Southern ones. However, while the level of interest of consumers varies along those lines, differences are not striking, indicating that all EU consumers are highly interested on animal welfare information for their food products

The study also indicated a “free rider approach” among consumers, where consumers expressed willingness to pay, but it was not reflected in their buying behaviour as they assumed other consumers would pay for higher welfare products.

The study also indicated that grading system (i.e. scale like Nutriscore) are better understood by consumers than binary ones (high level or nothing).

An expert commented that their study found consumers do not need more information but need to have trust in the label.

Another expert was interested to know whether the price of products is influenced by the extent of adoption of a label by the farmers.

3. Description of option 2: An EU animal welfare label, limited to cage/ non-cage systems

The Commission presented shortly the understanding of this option (see the annex for the slides), specifying that two sub-options should be considered (voluntary vs. compulsory).

The presentation was purely indicative inspired by the today’s marketing standards for eggs.

The participants however objected with the hypothesis presented because sometimes it does not clearly divide the products into two categories (cage/confined system vs non-cage/freedom of movement). As an alternative, this option could be simplified through a binary system.

In particular, the option as presented, may be misleading since organic does not always provide the optimal freedom of movement for animals (i.e. sows and calves). The system presented is more similar to a “method of production” system (MOP).

The Commission representative acknowledged that this was an attempt to translate into concrete terms what could mean this option, but several ways could be proposed.

In particular, one member pointed out that this option is difficult to be the same for each species, the issue of confined housing being quite different between species and even categories of animals (sows vs. fattening pigs).

4. Impacts of the option on the problem and on stakeholders

If the group overall agreed on the difficulty of this option to address the problems, there was divergent views regarding the advantages/disadvantages of a compulsory vs a voluntary system.

On the positive side, this option would be easy to communicate to consumers and providing a certain point of comparison between existing schemes. It would be rather easy to enforce and control for the authorities as it does not include many criteria.

On the negative side, there were several arguments to discard the option:

- The option is likely to be obsolete since the Commission committed to phase out cages and the most confined systems.
- The option reduces animal welfare to a narrow dimension while many other aspects should be considered. This could in return negatively affect the trust in such label that does not cover other aspects perceived by consumers as critical (e.g. behavioural needs).
- The absence of cage or confined system does not necessarily mean that the welfare is satisfactory or good. So, the option will not necessarily lead to animal welfare improvement.
- Some members believe that the option is highly unlikely to be embraced by farmers and that it will disfavour farmers that use cages. Therefore, there will be no incentive for farmers and added value for welfare.
- The option is not able to address the welfare of some species where the cage/non cage issue is not relevant (like broiler chickens);
- The option will not tackle the distortion and difficulty of trade between Member States, as there already exist much more elaborated labels in the market.
- The option is unlikely to properly address the distortion of competition between operators. Operators might embark on a non-cage system without really caring for the animals, creating unfair competition against others that do a better management of more classical system of production;
- Although a cage/no-cage label resembles to a sophisticated claim (1st option), the resources and time to develop a label would be basically similar with option 3 and in the balance, it would be therefore more relevant to go for a more comprehensive label.
- A simple cage/ non cages model will not provide an opportunity for retailers to differentiate on welfare standards according to consumer demands. In comparison a multi-tier label will allow for the retailers to differentiate according to each-other and use their individual tier to push for a market driven development.

There were divergent views on the effect of a voluntary vs compulsory versions of the option.

For some, a **voluntary label** would be more beneficial because it could provide a better value for farmers – if not voluntary, the label would not bring a difference in the price of products and therefore to farmers' revenue. They consider that a compulsory system will create a negative perception of some farming systems. Then, retailers would use their bargaining power to impose the highest standards putting out of business small and medium size companies that can not easily convert to upgraded standards. This might lead to increase the concentration of intensive farming systems. Due to high investments needed for adopting the label, it cannot be compulsory. A compulsory label would also mean a huge economic impact for the EU, which would not be able

to pay 100% of the farmers for making the transition. While they accept that transition bear additional costs, they consider that the transition should be as smooth as possible to allow the sectors to adapt in a speed that allows farmers time to change the systems. To illustrate their point, they gave the examples of recent pressures from retailers to buy only eggs from non-cage system by 2027 in Finland. Another example was the case in Spain of a retailer imposing a quality scheme based on the welfare quality system as a pre-condition to be distributed. In the chat the following references were provided:

<https://igualdadanimal.org/noticia/2017/05/29/proyectamos-imagenes-de-gallinas-enjauladas-en-la-fachada-de-el-corte-ingles>

<https://www.estrelladigital.es/articulo/espana/camapana-redes-sociales-gallinas-enjauladas-corte-ingles/20170724222425326178.html>

<https://igualdadanimal.org/campana/european-chicken-commitment/>

One member nuanced about the negative views on retailers saying that they tend to anticipate the market to reply to consumer demand rather than impose standards.

Other members of the group were in favour of a **compulsory system**. The option would be useful to provide information to more consumers than today. On the contrary, a voluntary label would lead to uncertainty if unlabelled products are produced in cages or not. A voluntary label with less attractive description (cages/confined) would not be used, leaving most consumers without information on animal welfare. They disagree on the fact that this could negatively affect small or medium size farmers, since many of them work with upgraded standards without the possibility to make them visible. A compulsory system will help these farmers to benefit from their higher standards without having to bear any additional costs associated with voluntary standards and possibly by getting more EU funding. They also said that a compulsory label would be more transparent giving a factual description of the production system rather than a negative one. In fact, they advocate that the egg system did not exclude the production under cage system while it was implemented a long time ago. The Commission confirmed that the egg marketing standards change the market relatively progressively and the evolution has been highly unequal between Member States. These members also argue that without compulsory label, bad practices will remain indefinitely to bringing significant changes to the worst practices. They gave the example of tethering of cows in Southern Germany, which was kept authorised for small (mainly part-time) farmers, and consequently did not put any pressure on them to evolve to more friendly systems.

It was noted by some members that the discussion on compulsory/ voluntary label should follow the recommendations made by the first subgroup, where it is recommended to start with a voluntary label and that development and evolution of a regulatory framework for a voluntary label should be evaluated on a regular basis, on which it should be taken into consideration if a mandatory labelling is relevant in the future.

One member also asked if there was any update on the current revision of marketing standards for poultry meat. At the time of the meeting, the Commission representative could not reply to the question and promised to come back on this issue¹.

Some members also insisted on the need for the option to cover processed products and food services.

¹ After contact with Commission colleagues, the proposal to revise marketing standards is still under preparation but no major changes are expected as regards the welfare aspects so far.

At the end of the debate, the Commission representative invited the members to provide published evidence of their views to help the contractor to build a solid narrative about this option.

5. Next steps and any other business

One member wanted to know if physical meetings will take place in the future. The Commission representative replied that due to logistical reasons and heavy workload, this possibility was not envisaged.

Another member also wanted to know if the group will discuss the connection with the sustainable labelling system. The Commission representative replied that at this stage it was not the priority as there was still many questions to solve on the welfare label.

Next meeting is scheduled on 22 June and will focus on the last option (a comprehensive animal welfare labelling scheme).