WelfareQuality Deliverable 1.2.2.2 for the UK:

Non-retailer led labeling schemes that make welfare-friendly claims

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1. Identification of schemes in the market survey (sub-deliverable 1.2.2.1)

Little Red Tractor (Assured Food Standards) – 13 products identified in survey
- approx 80,000 assured farms

Soil Association – 45 products identified in survey
- approx 2500 certified farms

Organic Farmers and Growers – 4 products identified in survey
- approx 1000 certified farms

Organic Food Federation – 2 products identified in survey
- n/a (<1000)

RSPCA Freedom Food – 8 products identified in survey
- 1809 assured farms

2. Brief description of the survey

The retail audit of welfare-friendly food products (1.2.2.1) reveals that there are 5 non-retailer led assurances schemes that carry logos identifiable on food packaging. These 6 schemes were selected for further study. However, it was decided to drop the interview with the Organic Food Federation because it is a small organization and two organic food certifiers had already been interviewed and there is little variation in standards thus it was felt that research resources could more usefully be allocated elsewhere. This resource was re-allocated to interview someone from the Organic Livestock Marketing Cooperative. This interview provided details about the market structure for organic meat between farmer and retailer/caterer. The interviews were carried out between February 2005 and May 2005.

3. Survey results organized under the following points/questions were used as an interview guide.

i) What claim does the label make? What does it mean?

ii) How is the scheme administered, set-up?

iii) What are the costs of setting up the label?

iv) What were the motivations for setting-up the label? ethically driven? market driven?

v) What are the conditions farmers must comply with (we don't need to go too far with this as it will be picked up in WP3)?

vi) How is the product given space in the market? what are the relations with supermarket buyers/other retail outlet buyers? how is shelfspace achieved?

vii) How has the regulatory environment, helped or made difficult the
development of the labelling scheme?

viii) Who are the consumers? what is known about those that buy the products?

ix) Is there any support (financial, marketing) from any other agencies e.g. Regional Development Agencies?

x) How was the label designed? How was the brand devised? what are the important components to the brand e.g. traceability information?

A common set of questions was prepared that built upon the initial interview.

4. The case studies.

CASE STUDY 1: Little Red Tractor logo or Assured Farm Standard (AFS)
Assured Food Standard is a standard owner. This means that they own, set up and manage this assurance standard in the UK. They are owned by a number of different sectors of the food supply chain from farmers at one end to the British Retail Consortium at the other with some food processing trade associations in the middle such as Dairy UK.

What claim does the label make? what does it mean?
They are 6 commodity sectors: beef and sheep (ruminants are dealt as a single sector); a pig scheme; a poultry scheme: a dairy scheme; fruit and vegetable; and a sector covering combinable crops. The only sector not covered by the AFS is shell eggs which are covered instead by the Lion Egg Scheme.

In terms of animal products the AFS have not only a feed standard, but also a crop growing standard that feeds into the animal feed standard that feeds into the farm standard. They are standards for livestock transport, standards for the treatment of animals awaiting slaughter, standards for slaughter and meat hygiene in the factory, standards for dairies and creameries. Bolted into that structure is the certification of engineers who maintain crop spraying equipment and the certification of farm
inspectors.

The standards set out to reflect the legislative base and any codes of practice that prevail. However increasingly they are writing new codes of practice instead of just compiling codes of practices from MAFF or DEFRA. The scheme embraces within the standards the legislation, the codes of practice and the expertise shared by stakeholders as to what is good agricultural practice. The standards are a compilation of all these inputs. These standards are communicated to producers with the expectation that they must meet them. An annual inspection is used as a mechanism to encourage compliance to these standards.

*How is the scheme administered, set-up?*
*What are the costs of setting up the label?*
*What were the motivations for setting-up the label? ethically driven? market driven?*

The assurance schemes became established in the UK on a sector by sector basis. Over the period from the late 1980s to about 1999 each of the commodity sectors began to think to themselves that they ought to have an assurance scheme. The pig sector was the first following a MAFF pig welfare initiative, a code of practice which eventually became an assurance scheme. This scheme was a precursor to the scheme currently running. The beef sector was stimulated by the BSE crisis back in the early 1990s. The assurance scheme was set up even before the link was made to a human disease in 1996. A major stimulus of the assurance scheme development was the food safety act in 1990. The food safety act put responsibility on the industry to produce safe food and there are still lots of debates on this today. Allegedly in Southern Europe there is a mood for legislators to make sure that producers comply with the legislation. However AFS argue that the legislation says quite specifically that it is the responsibility of the regulatory authority to ensure that the producer is fulfilling his responsibility. The UK food safety act is quite unique because it places the responsibility of everyone in the chain to sell safe food. For example, the recent Sudan I crisis made it clear that things way back down the supply chain, can affect the food sold by Sainsbury’s and Tesco’s and the retailer takes responsibility for it and takes the financial loss and the loss to their reputation. The Food Safety Act said a retailer could not hide behind a warranty from a supplier. In the late 1980s and into the 1990s there were a lot of inspections by retailers of their suppliers. These
assurance schemes helped to get us the industry out of the situation, where the processing industry had to meet the demands of every retailer each of which had their own standards and had their own inspection teams; consequently people were being audited to death. In 1991, 1992, and 1993 it was very complex with inspectors chasing around every food factory in Britain and using different standards. Therefore one reason for developing an assurance scheme was because producers recognized that if there was not a national assurance scheme then each buyer from the supermarket would start to do their own inspections and there would then be a continued profusion of duplicate inspections and subtly different standards too. Some sectors were later at getting involved with assurance schemes because there were significant costs that had to be made to meet some of the issues in the industry, for example salmonella in the chicken meat industry. An assurance scheme also provides a mechanism for the whole industry to move as one. Individual players in the industry may realize that they need to raise a standard but the cost implications may deter them, whereas if everybody moves their standards at once then everyone has to take on board the cost together.

The primary focus in the livestock sector of AFS is food safety. Once an assurance scheme is set up it is easier to add on other things that buyers and customers worry about for example like animal welfare.

The livestock sectors are inspected more frequently. Pigs are inspected at least annually and a quarterly report has to be submitted by the farmer’s vet. The farmer’s vet report is a quasi-independent report (there is a lot of discussion about the independence of the vet who is contracted by the farmer). However, AFS do not consider the quarterly vet report as an independent report; it is a very important source of information delivered to us on a quarterly basis. On top of this is a fully independent inspection every 12 months on top of that. So pigs effectively have five reports a year. In the grazing livestock sector there is a 15 month inspection cycle regime. There is a routine 15 month inspection cycle that is filled in with a series of spot checks, which are semi-randomised but give an opportunity to focus on those farms for which there are concerns. So the overall inspection of livestock is about once every 15 months. This is also advantageous in a non-enclosed livestock situation because it allows inspections within different seasons. In comparison to a chicken
house where it doesn’t make much difference whether you inspect in February or August there are significant differences in an outdoor livestock situation about how the animals are kept through different seasons.

Organic certifiers and Freedom Food (FF) are now working together so there isn’t duplication in inspections. FF and AFS have worked together so that a farmer can only be FF (additional welfare criteria) if they have also got the base Assured Farm Standards. It is similar with organics because although it is not so important with chickens and other small animals, with big animals the carcass gets cut up and marketed in different ways. The prime cuts sold as organic receive a premium for them but the whole carcass doesn’t get an organic premium. There isn’t a market for organic mincemeat and if it isn’t assured as well it wouldn’t be able to go into the general retail commodity stream because the specification is that it meets assurance standards and this is quite rigidly policed and observed. LEAF (an environmental scheme) is another scheme that is an add-on to AFS like Freedom Food.

*How is the product given space in the market? what are the relations with supermarket buyers/other retail outlet buyers? how is shelfspace achieved?*

The little red tractor logo is not used on a large number of products that meet its requirements. For example McDonalds use the AFS systems because they want to demonstrate a responsibility to their customers and more fundamentally a responsibility to the credibility to their own brand. Membership of the scheme demonstrates that they buy their produce from reliable producers who look after the safety of their products and to some extent the welfare of their animals. However although the standards are similar they are not identical to AFS but they use these standards in the UK context. McDonalds are keenly working with Eurepgap in the hope that Eurepgap will start to help them deliver their requirements in other territories. The alternative is for McDonalds to start hiring their own team of inspectors which no one wants; for farmers it will just be duplication and just meeting the needs of one buyer.

AFS have control over the literature that accompanies the little red tractor logo and the content of their own website; they endeavor to have control over any claims anyone makes about the red tractor logo. A food producer could make general claims
not specifically associated with the logo, of which the assurance company have no control over.

On Sainsbury packaging they make five points about the little red tractor logo. AFS were partly involved in this wording. AFS are cautious about the claims they make and claim they have only once been reported to the ASA (Advertising Standards Association). The most popular criticism they receive with regard to claims they make about animal welfare is that the mention of the term ‘animal welfare’ means that they must be using outdoor reared or free-range systems.

*How has the regulatory environment, helped or made difficult the development of the labelling scheme?*

Eurepgap standards were published in March 2005. It is a new standard which arguably has not found a level in the market place. Eurepgap standards are not as high as AFS because they are trying to accommodate the whole of Europe which is coming from a lower base than the UK. Whereas AFS has only a UK focus so the standards can be fine-tuned to UK requirements. Eurepgap is only a farm standard whereas in the UK there is a substantially integrated infrastructure of standards. AFS think that there is not much scope for Eurepgap for UK supplies but it may get used for supplies coming into the country.

Legislation sets a floor below which you can not go theoretically. For producers to go above that is going to have cost implications. Within the pig industry in the UK the higher legislative on pig welfare has made them anti-competitive, arguably. Although the current exchange rate between pounds and euros is also to their disadvantage therefore the question is: is it the higher welfare requirements or simply the currency exchange rates that is the problem? Recently, BPEX (British Pork Executive) funded aggressive advertising to make people more aware about the different welfare levels between the UK and other European countries. The Danish pork coming in to the UK is not assured to UK standards but to their own farm assurance standards. There are specific standards that apply to pork coming into the UK but it still doesn’t meet the same UK requirements. It appears that despite the UK pig industry having higher standards and higher costs consumers are not registering that difference or if they are registering it, they don’t care sufficiently about it to support the British product.
Surprisingly the AFS is not involved in the BPEX pig welfare advertising. The reasons are that the BPEX logo was launched back in 1999 before LRT and they have hung on to it. BPEX is focused on promotion more than food assurance. BPEX are funded by the statutory levy which is a big pot of money that has been in existence for a long time. For every animal that is killed at slaughter there is a levy that has to be paid into a central fund for ‘promotion’ of beef, pork or lamb. So there is a fairly substantial pot of levy funds in the UK for promotion of beef, pork or lamb. AFS don’t see any of this money at the moment.

Who are the consumers? What is known about those that buy the products? (taking consumers to also mean those farmers/licensees that sign up to the scheme)

c80,000 farm members in UK
Pigs 80% >90% pigs
Cattle – England + Wales
c45% producers
c70% production
Chicken – all major companies
Dairy – all major companies

The figures show that it is not easy for there to be growth in some sectors. They probably have the majority of large farmers, most of the middle ones and some of the small ones. Cattle is one of the smallest sectors with only 2/3rds coverage this is because most of the medium sized and small sized abattoirs do not become assured. Instead the meat is sent to independent local butchers and the food service industry.

The Food service industry is an area where the scheme could and is working on expanding into. This would facilitate greater expansion into the beef sector. The dairy sector is already very well covered by the scheme. In some areas they depend on demand to pull things through whereas in other sectors they are driving through improvements anyway.

Where there is a substantial market in non-assured animals then there is a more visible price premium, for example sheep. However if 95% of a product is assured then the assured price is the price of the commodity.
Food service operators say their customers are not interested in any of these things and they will just buy the cheapest and not bother with any of the standards. Meat in retailers that do not use the Little Red Tractor is probably still meeting the standards. It is part of the retailers marketing strategy that they have products packaged differently to segment the category.

*Is there any support (financial, marketing) from any other agencies? e.g. Regional Development Agencies?*

*How was the label designed? How was the brand devised? What are the important components to the brand e.g. traceability information?*

The introduction of logos and labels on consumer packaging was a secondary consideration when assurance schemes were introduced. They find it frustrating when people think assurance schemes are only about logos on a packet.

The logo came about in the late 1990s. There were lots of food buyers/food sellers who were in support of assurance and increasingly the word ‘assurance’ was being used on food packaging. However there was very little transparency about what this actually meant. Several reports were published by the Food Standards Agency, Which? Magazine, Farm Animal Welfare Council all saying that all the retail companies claimed to have assurance schemes but it was difficult to find out exactly what these standards were. Therefore it was felt that for those that had been through the food assurance system deserved some recognition for it and therefore the logo was born. Some validation can be demanded to support the use of the logo. The logo has been a powerful tool to ensure that only those with licenses can use the logo. There is a regular program to challenge those licensed to ensure they are using the logo properly.

The logo tends to be only used on primary products such as pieces of meat, fruit, vegetables and milk because it is much more difficult to control the use of the logo on composite foods like meat pies etc as they tend to be a compilation of ingredients from all over the world about which it is difficult to determine its assurance status. The penetration of the assurance scheme is measured at the farm level and separately the penetration of the logo at retail level. By and large they believe that there is a surplus of assured product that is not marketed as assured products, for example...
McDonald’s. At some point in the future perhaps McDonalds will be approached about using the logo but it is not an urgent issue.

Following some consumer research Little Red Tractor has a similar role to the BSI kite mark. The kite mark is trusted because it has met certain standards, although most people will have no idea what the crash test criteria is for a motor cycle helmet. The kite mark is enough to assure that the helmet with the kite mark is better than one that does not. Continuing the analogy the universal kite mark can appear on any brand. It tells you that brand has used certain standards for that product but the product brand brings other attributes and qualities of trustworthiness e.g. Tesco or Sainsbury’s. The little red tractor is a supplement to the brand and is careful therefore about not moving into the territory of the retailer or product brand. The realm of standard setting is quite broad up until the point where you start to get into quality criteria that is the basis of commercial differentiation such as tenderness. Essentially the BFA covers the basic, pre-competitive common food safety kite mark type criteria or animal welfare criteria. The competitive differentiation is left to others.

They are receiving more pressure from politicians and pressure groups to develop the schemes towards environmental criteria than to animal welfare. Apart from some dedicated lobbyists there is not as much interest or concern or pressure towards animal welfare from external sources.
CASE STUDY 2: RSPCA Freedom Food (FF)

What claim does the label make? What does it mean?
The FF logo means that a product has been produced to RSPCA species-specific standards. Those standards are based on the best science, best practice, and are regularly reviewed and monitored by the RSPCA. FF don’t claim to be organic nor not only free-range. FF believes that a well-run indoor-managed unit of pigs will produce much better welfare than a poorly run outdoor unit. All FF is interested in is welfare.

How is the scheme administered, set-up?
It was dreamt up by a former employee of the RSPCA in the early 1990s who recognized there was a huge number of animals bred for food production. Freedom Food is now a separate limited company with a charitable status. The board consists of representatives from the farming, commercial, veterinary and animal expert fields. Because the RSPCA are a campaigning organization it would be difficult if the RSPCA tried to go out and promote a set of standards and inspect against them. At that time farmer’s wouldn’t want to be associated with the RSPCA so Freedom Food was created to be at arms’ length. They set up a development group that involved stakeholders in the industry including Bowes of Norfolk, and the poultry producers Two Sisters. Standards were developed through consultation with a group of stakeholders. “The standards were always based on the best science available – it was critical they were developed in partnership with the industry.” Initially the standards were for laying hens and pigs.

There’s an annual assessment followed by a monitoring assessment. The annual assessment is carried out by Freedom Food staff and then at least 30%, which is rising to 50%, are visited unannounced by an RSPCA farm liason officer and their job is to not only check on the initial assessment but to also check that the farmer is sticking to the standard.

‘...food assurance is only necessary to be compliant on the day of the inspection. Recognising that, recognizing that we are not just about putting a label on the product it’s actually about bringing about improvement’
Freedom Food is heavily subsidized by the RSPCA but in itself it is not a money-making organization. A logo was chosen which bought into the RSPCA brand as that immediately conveyed to the consumer an interest in the animals. As a consequence of the relationship with the RSPCA it was felt that they needed to be the best at what they do.

So they sought accreditation with the United Kingdom Assurance Service (UKAS). UKAS come in and looked at the schemes for the different animal species. Freedom Food is not a certifier. Freedom Food staff do the assessment, the RSPCA then check the job and a third party then comes along to do the certification. Freedom Food regularly suspends membership when people are not complying with the standards.

The standards are revised every 6 months.

As an accredited scheme FF producers only have to be good enough on one day to be issued with an accreditation. However it can’t be guaranteed to meet those standards on every day but if a problem is discovered they will take swift action to deal with it.

*What are the costs of setting up the label?*

There are no set figures for premiums that producers receive for producing a FF animal. FF argue that higher welfare does not cost any more money in fact perhaps it costs less. Supermarkets may pay a little more for premiums but arguably the supermarkets are often put off by the producers asking for exaggerated premiums. The scheme costs the RSPCA about £1m a year, of a total budget of £80m. The cost per animal is less than 7 pence. In comparison it costs £80 to re-home a dog so then the question is: what is the relative importance of a chicken in comparison to a horse or a dog? An RSPCA working party looked at FF and decided that FF is the most effective method today for delivering improvements in farm animal welfare. The farmer pays £95 for an assessment which includes the monitoring visit. Other costs would be for those involved in implementing the standards such as improving bedding, veterinary health plans and they expect these costs to return back to the farmer through becoming part of the scheme. For £150 they are assessed for FF and Little Red Tractor. They don’t want to create cost as a barrier for people to join.
What were the motivations for setting-up the label? ethically driven? market driven?
150,000 million animals have gone through the scheme. Currently there are 20,639,000 animals on the scheme and by the end of 2005 we’re expecting that number to increase to 41 million. This is mainly due to increases in salmon.
They have 1809 farms to audit and 7 auditors.

FF imagine their role within the raising of AW standards in food assurance schemes as something for other assurance schemes to attain. Over the years the FF standards have increased and so have the standards in the lower AW schemes. In this way the raising of AW standards can be seen as an escalator. FF aim to be the top 20% of the market.

FF is working towards worldwide accreditation. Christmas 2004 accreditation was given to French turkeys.

What are the conditions farmers must comply with?
How is the product given space in the market? What are the relations with supermarket buyers/other retail outlet buyers? How is shelf space achieved?

In the early days of the standard they achieved phenomenal growth with Tesco.
At that time Tesco was number two in the grocery world. Number one was occupied by Sainsbury’s. Sainsbury’s weren’t interested in talking at that stage to FF, whereas Tesco couldn’t get enough FF and really wanted exclusivity, which FF refused. On hindsight Tesco offered a far too high premium to producers. Tesco introduced fresh meat into a number of stores – on the basis that everything on that counter would be FF accredited. The premium to the producers was more than 50p a kilo which was too high. The outbreak of foot and mouth disease effectively killed the project in Tesco stores because there was no way that they could be assured to get hold of sufficient British product let alone it being tied to Freedom Food so they decided to drop it.
At this stage there was a plethora of different logos on other products e.g. Soil Association, West Country, Little Red Tractor. The increasing complexity in the area of placing logos on packaging led to Tesco deciding to drop logos altogether on their products. Tesco argued that this wasn’t to do with cost. This is the current situation and explains in part what the retail audit (1.2.2.1) uncovered which is that there are
relatively few FF labeled food products.

Is FF about getting logo on the product? Or is it about delivering improvements to farming and welfare? The aim is the later and as a consequence not too much emphasis should be placed on getting a logo on the packet. There is suggestion that supermarket own-brand quality ranges might adopt FF standards to differentiate quality. According to FF “Tesco’s have openly said that all of their finest range has to be Freedom Food accredited but they won’t put the logo on the pack. All of their free-range eggs are FF accredited”. McDonald’s who spend a premium of 4 million pounds a year on their eggs because they choose to use free-range eggs. If you want to supply McDonald’s free range eggs you must be Freedom Food accredited”.

FF have reached an agreement with Co-op that every animal product they sell in their stores that carries the Co-op name will move to FF. They will be both promoted and labeled as such.

There is a problem if a logo is not used on products as then it doesn’t explain why there is a price difference. FF did charge 0.3% of the wholesale value for the use of the logo. They are in the process of reversing this and charging people 0.3% to use the logo and 0.5% to not use the logo. This is to encourage people to use the logo as this is publicity for the scheme.

FF wonders whether the rigor with which they apply their standards deters some supermarkets from involvement because non-compliance could lead to RSPCA membership being cut which would interrupt the supply chain.

Currently FF work much more closely with producers rather than courting the attention of supermarkets. Jointly FF and a producer make a presentation to the supermarket. They have been successful in this practice with the slow-growing chicken now on sale in Sainsbury’s and Somerfield.

*How has the regulatory environment, helped or made difficult the development of the labelling scheme?*

*Who are the consumers? what is known about those that buy the products?*
People phone us up saying “We want to buy Freedom Food, where can we buy it?”

Eggs are the most popular FF product. Following the salmonella crisis the egg industry FF became a way to reinvent itself. Today 98% of the totality of produced eggs are FF accredited. FF work with a ‘Problem Solution Model’. So the RSPCA campaign for change to create a problem and raise the issue with consumers and the solution is sought by FF.

Is there any support (financial, marketing) from any other agencies e.g. Regional Development Agencies?
RSPCA give a lot of financial support. FF work with DEFRA currently to help with their inspecting and validating.

How was the label designed? How was the brand devised? What are the important components to the brand e.g. traceability information?
The M&S and Waitrose brands are both associated with good animal welfare which has led them to become involved further with FF. It seems that retailers and food service providers like McDonalds work with FF if they want to use animal welfare in their brand. They wouldn’t expect to see FF in Waitrose and M&S because it is already part of their retail branding, whereas it works in the Co-op.

The RSPCA has high brand recognition in the UK but not abroad, thus attempts to expand the scheme out of the UK are limited by the connection to the RSPCA. Charities similar to the RSPCA in other countries have used the FF model.

People criticize the RSPCA for having their own inspectors, for promoting their assurance scheme through RSPCA schemes. FF argue that in fact the more people interested in adopting FF standards actually results in a larger investment from the RSPCA as more producers join the scheme. Also the animal rights groups make shock exposes and they argue that what appears is not particularly appealing to the eye and does not necessarily equate with poor welfare.
CASE STUDY 3: Soil Association (SA)

What claim does the label make? what does it mean?

“No system of farming has higher animal welfare standards than organic farms working to Soil Association standards.” (Certification News No. 53 Spring/Summer 2005). This statement is newly approved by the Committee on Advertising Practice. Therefore Soil Association certified organic products hold an important position in the UK market for welfare-friendly foodstuff, this was supported by the findings of sub-deliverable 1.2.2.1.

The Soil Association (SA) is the largest organic certification body and the largest organic charity body in the UK. With the dual status of the organization as both charity and not-for-profit certifying business it holds a strong position in the growing market for organic certified products in the UK food retail market. In effect organic farming in the UK is subsidized in part by charitable funds of the Soil Association most noticeably in the area of promoting consumer awareness and in supporting the efforts of those farming organically.

Organic certification UK5 and UK15 are both run by the Soil Association. UK5 is the certification for the Soil Association’s standards which are higher than the UK Governments’ organic standards published by the Department for Environment, Food and Rural Affairs (DEFRA) as the DEFRA Compendium on Organic Standards. UK15 is the Soil Association’s certification at the DEFRA organic standards, a necessary tier to the certification procedure to support farmers in conversion to the Soil Association standard. The UK5 organic standard is slightly higher than the DEFRA standard in the area of pig and poultry production.

How is the scheme administered, set-up?
What are the conditions farmers must comply with (we don't need to go
too far with this as it will be picked up in WP3)?
The certification is administered by the not-for-profit part of the Soil Association. They guarantee an annual inspection every year, but farmers could receive a spot inspection at any time. For example, if a member of the public rings up and says: “These chickens are out in a really muddy field and they say they’re organic”, it’s highly likely they’d do a driveby inspection or a spot inspection. An inspector can only inspect the same farm three times in a row after which it has to be another inspector for at least one year to give a break.

Farmers who seek advice about how to farm organically contact Producer Services. Producer Services is part of the charity side of the Soil Association. They discuss with farmers what they need to do if they have a problem and liaise with the certification-side of the Soil Association to discuss if a concession should be made since all other options have been tried. For example if there is a problem with veterinary treatment, there are a range of things that farmers are permitted to do without informing the SA what they are doing. And a range of things that are restricted, so farmers can do something if they ask first.

The animal welfare standards have been based around ‘inputs’ – How much space have the animals been given? How much feed have they been given? How much bedding have they got? What’s the lying area?

With Bristol University the SA are developing a separate Welfare Assessment. It is an ‘outcomes’ based type of inspection. A farm is inspected to these standards if there are any concerns. It looks at how the animals are reacting on the farm, so for pigs it might be something like if the inspector’s got a concern, it’s a way for them to be able to mark or rate animal welfare. For example inspecting a group of 20 pigs – if they run away from you, how long does it take for them to come back? How many have got marks of flank biting on them? Or rear biting? Or tail biting? There is a whole list of ways to actually ‘score’ a group of pigs and get a welfare rating from these. The development to create a welfare assessment is because it’s been pointed out that in some cases people can meet the standards but that the overall welfare of the farm is not necessarily as good as what we think organic should be. The augmentation of a traditional certification process with a welfare assessment is a new introduction by the
Soil Association and is a procedure to start to match the inspection process based on inputs with the actual outputs of adopting an organic farming system. Although it is suggested by the interviewee that because the inspection of an average farm takes 12 hours that the welfare assessment will be a tool to use with farms where there is a suspicion of a problem.

*How were the SA standards arrived at?*

There doesn’t appear to be a clear scientific basis to the construction of the organic standards at EU level. The interviewee suspects that some of the standards are literally one and a half time what the basic EU rate is. In comparison to other assurance schemes in some places it matches and agrees with ‘Freedom Food’ and in other places it is slightly different. So although they are all more than the basic EU or UK, there is little knowledge about whether there is a lot of scientific justification for why the figures are what they are. The suggestion is that a factor of “something point something” multiplied by whatever the EU one is was used to derive the standards. There is not a general multiplying factor either, it differs between cattle, pigs and sheep. There has been little regard for cost in the setting of the standards so a consequence is that producers are meeting the standards but are going out of business as a consequence. The SA standard organic farmers are competing with other organic farmers producing to different organic standards. Do the consumers know about the different organic standards? There is also an ambiguity in the wording of the EU standards. For example the EU standards say ruminants should have access to pasturage, this does not include pigs and poultry. The interviewee states:

"it is very difficult for us to go back to the EU and get the EU to come up to what we think is right, like this issues on pigs on pasture. And there's also other member states like Germany who have got incredibly good reasons for not wanting pigs outside, because they've got a wild boar population and a massive issue with swine fever, which is where some of these 'derogations' if you like from the organic ideal have come from. So it says, yes, animals should have access to pasturage, but in these certain circumstances you don't have to. Then it's up to individual member states to say well, actually we're going to use this derogation or that derogation."

*What are the costs of setting up the label?*

*What were the motivations for setting-up the label? ethically driven? market driven?*
There are ethical motivations behind particular standards. For example in the poultry sector the SA differs from the rest of the English organic standards and the rest of Europe by saying you have to use organic pullets or chicks. The EU standards states organic pullets or chicks must be used if they are available. The argument for the use of organic chicks is that this there are then 4 generations of parents bird that have had a better quality of life.

How is the product given space in the market? what are the relations with supermarket buyers/other retail outlet buyers? how is shelfspace achieved?

The SA encourages producers to not sell directly to the processor that deals with supermarket meat but to instead work with farmers who are part of a cooperative. There are now a number of organic livestock marketing groups and cooperatives that they can work with. Organic livestock marketing cooperative, Craig Farm, Organic Livestock and Farmers Devon, Cambrian Organics are the main cooperatives.

These groups work from other outlets - for example butchers, mail order. They are particularly good for the smaller organic producer who may only want to sell 5 cattle a year.

The supermarkets want exactly the same specifications for organic pigs as they do for non-organic pigs -13ml back-fat, chop size so they'll fit into the meat tray.

Whereas those that sell direct, that is those who do not have a contract with a supermarket, can start with a completely different breed. Supermarkets won't carry anything with a black skin because people complain if the bacon rinds have got colored bits on it - they think there's something wrong with it. There has to be communication directly with the customer for them to understand why their bacon looks a bit different.

Also the carcass grading system does not complement the diversity of breeds used in organic production. The major supermarkets do not rate meat quality in the same way. They don't ask: how does it taste? Is this a named breed? How is it going to work in a traditional way? Rather the major consideration for the supermarket is does it fit in the box.
The multi-tiered farm standards has led to the need for most animals to be assured to Assured Food Standards so that any parts of the carcass for which no organic market is found can be downgraded to conventional level. Producers have to get farm assurance as well as organic assurance if they want to sell to supermarkets. For example, the back end of an animal maybe sold as organic and the front end is sold not as organic but as a premium meat product for pies and mince.

**How has the regulatory environment, helped or made difficult the development of the labelling scheme?**

The Danish system requires that the sow and litter has access to pasture for a minimum of 150 days between April and November, and that's it, then she can go in. All weaned pigs and finishing pigs can be indoors with access to an outdoor run, which is a concrete run. A consumer may expect organic pork to be free-range but this isn't the case for imported organic pork. The cost of running a non free-range organic system is much lower. The huge problem in the UK is that the organic pork industry has production costs that are around 185-190 pence a kilo on average and the imports are coming into the supermarkets at a lower price -140 pence a kilo. The only way they can make a market is if consumers choose to buy British pork over imported pork.

International competition with organic certification schemes has created problems as there are a range of different standards which can be called organic. The case of pork: SA prohibit nose rings for sows; the Danes allow nose-ringing for sows because they have an issue of nitrate leaching if the green cover is removed from the top of the paddock when they are outside. As a result there is little SA pork in the UK supermarkets.

"Tesco tends to have a mix. I think Safeway and Asda - Asda, we did a supermarket survey last year and only 23% of pork was from the UK. Everything else was imported. But I think Asda and Safeway are pretty much about the same. Waitrose is about the only one that is doing 100% UK on all their meat products. They bring in a bit of New Zealand lamb, but that's about it. Tesco do a bit of Argentinian beef as well."
There are clear differences in the pig standards whereas there is little difference in the imported beef standards. Traditionally beef and lamb have been more difficult to justify buying organic, since a well-run, free-range 'standard' beef or sheep farm offers the same welfare to its livestock as an organic one. The only differences are in terms of what it has been fed and what drugs it’s been given rather than how it’s been treated. The key issues are with pigs and poultry.

As a consequence of this current situation there is more UK organic pork than can find a market because although the supermarkets want to sell organic pork they get a better margin from getting imported organic pork.

*Who are the consumers? what is known about those that buy the products?*

The organic meat industry has an image of the consumer concerned still by price rather than animal welfare, ethics etc. This is holding up developments in organic standards for some certifying bodies. Animal welfare comes down the list on reasons why people buy organic products. For perhaps the most successful organic brands 'Helen Browning's' organic pork range and 'Yeo Valley' it is the taste that is leading people to buy organic.

There are two separate markets in the poultry sector.

I) There are those producers who are supplying the supermarkets that tend to be reasonable size operations. Many of those will be on contract so the processor will supply the chickens and the feed and you are literally being paid a 'pay-dirt' by a management rather than being paid per bird.

II) There is the direct sales market which meets the large demand for chicken that is grown, slaughtered and processed locally. There is a shortage of poultry abattoirs that are not linked up to a big processors and that can rear and slaughter poultry in the same place, thus meeting the organic standards.

The vertical integration of the meat production chain has led to abattoirs being tied to supermarkets that results in poultry having to travel a long distance to slaughter which works against the organic standards. There is a problem with the price of an organic chicken. The supermarkets argue that people won't pay more than £10 for a chicken.
If you start doing a slow growing strain and an organic chick costs that bit more, you need more than £10 for a chicken. The direct sales people will sell a chicken for £5-£6 a kilo which is £12-£13 for a chicken. There's resistance to this, you end up with this block. There is a tension between the SA and the producers. The SA argues that organic chicken should have organic chicks but people who are contracted to the supermarkets argue that that is all very well but who is going to take the added cost on board. The SA want the producer to take it on board, but the processor at the other end does not want to pay any more for a chicken because it makes no odds and the customer they argue sees no point in doing it.

Is there any support (financial, marketing) from any other agencies e.g. Regional Development Agencies? How was the label designed? How was the brand devised? What are the important components to the brand e.g. traceability information? The Soil Association brand promotes a sustainable agricultural system, animal welfare forms a part of this. Animal welfare is therefore not the major component of the Soil Association organic brand. This provokes the question: does welfare have to be sold within a broader package of things or can you focus specific attention on it?
CASE STUDY 4: Organic Farmers and Growers (OF&G)

What claim does the label make? What does it mean?

The Soil Association standards are argued to be not higher but just ‘different’ to OF&G. OF&G believe their welfare standards are good and the welfare standard is inherent in the UK organic regulation and the DEFRA compendium standards are pretty good. The SA for example has less birds per house for instance in the case of poultry and argues that therefore there is a higher welfare standard. OF&G argue it is important not to be overly naïve about these things as numbers don’t necessarily equal welfare. They think they are moving like the other organic certification bodies to a welfare assessment component to the scheme.

How is the scheme administered, set-up?
OF&G is a non-for-profit company. They are a certification body. There is an annual inspection and there are a number of additional inspections for various reasons for example if they have set up a new enterprise. There is a % of unannounced inspections that are chosen randomly. Perhaps they have had a problem in the past or because there have been some complaints. They are 1000 farms and about 250 processors which work for 2500 farms. So they are less than half of the size of the Soil Association. Although OF&G believe they have a higher number of larger farms than SA as they have 40% of the organic licenses and 50% of the organic land. In total there are approximately 4500 organic farms in the UK, 1000 are with OF&G, 2500 are with SA and there is then another 1000 that is spread between the other certification bodies.

What are the costs of setting up the label?
UK agriculture has suffered as a result of regulation and legislation being treated more strictly in the UK and enforced quicker in the UK than in other countries across Europe. This means that although UK gets higher standards it also suffers by having higher costs e.g. UK organic pigs are significantly more expensive which leads to 50-
60% of organic produce being imported which could have been growing here. It is important that the business context isn’t lost when standards are being made; you can not bring in higher welfare standards unilaterally. In this sense the WQ project is thought to be very interesting because of the aims of having a European wide welfare baseline.

The costs for getting certified vary. If you are a farm it is based on the area of the land, although they also do discounted rates for farms in less favoured area because traditionally they have lower incomes. They start at just under £400 and that rises to about £8-9000 in some cases. For processors their costs are based on their turnover which starts at £500 and goes up to about £1300.

What were the motivations for setting-up the label? ethically driven? market driven?
OF&G started in 1972 and was originally a members’ co-operative to assist members to grow products and to sell their produce. As the standards developed there became less need for that role and so they evolved into a certification body and stopped doing any marketing, therefore today they have no commercial activity other than on the certification side. They work to the standards called the DEFRA compendium which has replaced UKROFS. Essentially their standards are the DEFRA standards although they do have some additional standards which are in place to explain or clarify the DEFRA compendium. Therefore, their standards only evolve with the DEFRA compendium on organic standards. They are very keen not to create any additional standards that would disadvantage their licensees against other certification body licenses whether it be in the UK or Europe.

What are the conditions farmers must comply with (we don't need to go too far with this as it will be picked up in WP3)?
The majority of organic certifying bodies in the UK all work to interpret the organic standards in the same way.
In the majority of cases there is little difference between a Soil Association certified farm or an OF&G or an OFF farm. It is only if they have chickens that a difference is obvious. The SA standards state that there shouldn’t be more than 2000 birds in a house. The EU regulation, which OF&G and OFF work to, doesn’t allow more than
3000 birds in a house. However, the EU regulation also contains a derogation so anybody who converted to organic prior to the 24th August 1999 and who had chicken houses built at that time can get a derogation from that stocking density so you can stock higher than the level of 3000. The SA withdrew that derogation from their licensees last year. OF&G still have it in force and it will remain in force until 2010, so there are some flocks at 5 or 6000.

*How is the product given space in the market? What are the relations like with supermarket buyers/other retail outlet buyers? How is shelfspace achieved?*

The organic conversion information service (OCIS) gives up to a day and a half’s free advice from an experienced organic farm advisor. This provides farmers with the opportunity to consider various issues before deciding whether or not to go ahead with conversion. The OCIS provide the farmer with a pack of information with the names and addresses of all the certification bodies of which there are currently 12 practicing in the UK.

OF&G certify abattoirs, bacon producers, butchers and sausage makers on the meat processing side. For example there are some teas that are labelled OF&G. This came about because a retailer wanted a successful non-organic tea to offer an organic line of the same brand. It is normally up to the producer to choose to go with OF&G, some retailers are biased towards which certification body they will work with. Some retailers may show a bias towards the Soil Association which is mainly due to the fact that the SA have a bigger marketing machine, whereas some argue that people are less clear about who or what OF&G are. In the dairy sector there is very little difference between the organic standard bodies, it is in the area of pigs and poultry where there are differences.

Supermarkets make requirements on size and so smaller breeds of animals for example Welsh lambs don’t find favour with the multiple retailers. To some extent this is to do with the economy of scale because it takes as long for a butcher to do a small lamb as it does a big one and when you are butchering hundreds of lambs that adds up. Welsh lamb is very good quality – sweet meat which is seriously expensive.
There are problems perhaps less with the MLC grading system and more with the buyers. For example in organic farming you are encouraged to use indigenous breeds wherever possible and there are a lot of organic farms with traditional breeds because they are better grass converters and don’t need all the fussing that continental breeds need. However they don’t grade as high on the Euro scale and so typically the farmer doesn’t get paid as much but there is little problem with the quality of the meat. So OF&G consider that other factors should be taken into account when judging meat quality for example texture and taste. “It is pointless to poke one bit of meat with your finger and say that bit of meat is better than that bit of meat because that’s an R-plus and that’s an O-minus”. Fat-scoring is an issue too because “if the meat is too lean it doesn’t taste very good but if its too fat it doesn’t cook very well but if its just right you get a perfect piece of meat”. Thus the MLC grading system is useful but is very limited and other parameters need to be brought in like actually eating the meat.

How has the regulatory environment, helped or made difficult the development of the labelling scheme?

The regulations state that the organic certification must be used on packaging e.g. UK2 (OF&G) UK5 (Soil Association) or UK 15 (CISCO- the SA’s EU regs standard). The use of a logo is optional. OF&G thinks that the organic certification process is working well in the UK. There are too many certification bodies, but that is a commercial issue already 2 have dropped out, there were 14. Different parts of Europe have different models. Some have a state certification body, whereas others have private bodies and in some there is a blend of both. By having many different certification bodies it ensure competitiveness and it feeds desire to be orientated towards the licensee’s needs.

Some of the British Farm Assured standards have been incorporated into OF&G for example lighting in livestock buildings because it is good common sense and cattle won’t break the glass. The hope was that more people in the industry would accept the organic standards in place of the Assured Farm Standard but in fact they haven’t. As a result for example abattoirs are asking for organic animals to also be farm assured because any part that does not get sold into the organic food chain has to go into the non-organic food chain and the supermarkets in particular require the leg to be AFS. Farmers do get frustrated by this because they feel there is a bit of a
repetition there because they have got high standards with the organic system and then they have to get AFS on top of that. The Soil Association have got their own AFS as a bolt on to their existing standards. OF&G feel that is a brave move for them and they are now being accepted in abattoirs and retailers.

*Who are the consumers? What is known about those that buy the products?*
To meet the needs of the customers i.e. licensees they have introduced ‘UK2 Partnership’ certification as well as UK2. ‘UK2 partnership’ means that the product is brought up to Soil Association standard so that they can show it to a processor who is involved in producing a UK5 product. This is to smooth the standards process for those processors who need to match the UK5 certification process. There isn’t a similar procedure for Soil Association certified produce being part of an OF&G product because SA isn’t deemed to be higher than OF&G. Before these recent moves people were putting OF&G product into SA product and asking individual questions. However as the market grows this increasingly becomes a burden on resources.

They also certify to the US National Organic Program. This is mostly grains and cereal crops.

*Is there any support (financial, marketing) from any other agencies e.g. Regional Development Agencies?*
*How was the label designed? How was the brand devised? What are the important components to the brand e.g. traceability information?*

Their company ethos and company strap line is that they regard themselves as the practical organization for organic certification. For OF&G it is about keeping it simple and straightforward whilst maintaining rigorous standards which they think appeals to farmers. They provide a very high level of service in that phone lines are always available to offer advice; they actively encourage members to call and check if they have any uncertainties.

Farmers make their decision about which organic certification scheme to go with based on a number of different criteria. For instance somebody who is producing vegetables and selling them locally might want to go with SA because they perceive their logo as more recognizable. The SA logo gets more recognition that OF&G. Whereas for other farmers they are supplying into a chain, rather than supplying an
end product, and so that logo is not so important to them so they may choose their scheme based on other criteria.

OF&G do not directly try to work on a brand image because they don’t have resources for that, they just encourage operators to use their name and logo as much as possible. How many consumers are logo-aware generally? About 10% of people buy about 60% of all organic products. OF&G feel they are coming from a different angle, the bottom up and also want to work with common standards across the board rather than a two-tiered system.
5. Summary and conclusions.
The four UK Assurance Schemes that are studied in this report have developed under different initiatives. Broadly, commercial, legislative and moral initiatives have led to the creation of the assurance schemes.

Both the Soil Association and Freedom Food schemes can be understand as having originally been motivated by moral and ethical concern. The obvious difference between these two schemes is that the aspirations of the Soil Association and other members of the organic movement led eventually to the development of a legal standard. However Freedom Food and others interested in higher animal welfare standards haven’t got a legal framework for producers to work to and so operate more as an add-on to base-level assurance schemes rather than operating within a legislative framework. It appears that not all retailers choose to communicate what assurance schemes the product has been produced under. This has implications for the level of consumer knowledge and awareness of the scheme. All organic products by law must carry at least the organic certification code but crucially ONLY if they are to be sold as organic; the use of the logo is optional but often included with the code. It is clear that there is a significant percentage of organic produce that is not sold as organic – could some alternative marketing strategy be used for these products? However there is no requirement for Freedom Food or Little Red Tractor assured foodstuffs to be labelled as such; therefore the use of the logo is optional. In an increasingly brand-aware world this has implications on the level of publicity and promotion of certain schemes over others. This was expressed as an issue for Freedom Food who loses out in terms of publicity when their logo is not used.

Assured Food Standards or Little Red Tractor was developed for commercial reasons as is outlined in the report; this followed the need to protect the food retailers following the 1990 Food Safety Act. Use of the LRT logo on packaging is again optional and used more as a marketing tool for consumers. However membership of the scheme is increasingly the only way to gain access to certain parts of the food retail market, specifically sales to the large food retailers whose own private assurance schemes are broadly comparable to the AFS. The food catering service in the UK, with exception to some of the large multinational firms like McDonalds do
not widely use assurance schemes. The membership statistics for AFS shows that in certain sectors of the UK livestock industry there is almost complete coverage, but the beef industry is very much lacking behind.

Although initiated by a moral concern the Organic Farmers and Growers assurance scheme supports the European organic legislative tier rather than developing a higher tier of organic legislation. It is a smaller organisation than the Soil Association operating as a not-for-profit limited company that carries no charitable wings to its operations. It is the second largest organic certifier in the UK. The major differences in the two-tiered organic certification are in the poultry and pig sectors. In the market for organic certification OF&G provide an alternative to the Soil Association by working to arguably lower animal welfare standards, thus reducing organic conversion costs for some livestock notably pigs and poultry. The latest guidance by the Advertising Standards Agency about the use of claims about animal welfare support this argument. However as a smaller company OF&G loses out at times because their brand is not as well-known as the Soil Association logo.

It is necessary for the assurance schemes to have in place the mechanisms to work together. The base-line assurance scheme of AFS is complemented by other schemes, because it is difficult for a farmer to find a market for their produce if they are not also a part of AFS. For an organic farmer or a Freedom Food farmer, for example, membership of AFS guarantees entrance to a range of non-organic or non-Freedom Food markets where parts of the carcass may need to be sold because of the current limits to the market for organic or Freedom Food meat or dairy produce. There is obviously some frustration amongst farmers that they need to be doubly-assured particular for those meeting organic certification which is a complete set of standards. As a consequence the various assurance schemes are working closely together to simplify the certification and inspection process by offering the different certification through partnership schemes e.g. OF&G Organic UK2 Partnership scheme (certification at Soil Association standard), Soil Association now give AFS certification along with the UK5 organic certification.

The agricultural sector operates within a changing business context. This means that national assurance schemes can have a strong impact on the import/export market of
agricultural goods as exchange rates change and higher standards advantage and disadvantage different parts of the industry. Robin Johnson has commented on this issue within the context of increasing quality standards within the meat industry: producers rather than consumers bear the cost of quality improvements (2004). He also comments upon how the benefits and costs are likely to be distributed unevenly between countries. The current problems that face the UK pig industry is an example of this where the additional costs to meet the higher welfare standards have effectively become a trade barrier. One of the differences between the two organic assurances schemes, OF&G and SA, is that OF&G arguably consider the business context more than the pursuit of higher standards, since OF&G position their standards at the EU organic standards level. There is a growing body of literature that discusses organic food standards (Guthman 2004, Campbell and Liepins 2001). Much of this literature focuses on how the standards have been developed and what has influenced their development. Emerging from this study are the inter-relationships between different organic assurance schemes and other assurance schemes and how this has developed a multi-tiered scale of competing welfare-friendly food product claims in the UK. It is interesting to consider what the longterm implications are of their various assurance scheme standards – do they lead towards the continuous rise of standards?

Previous research on standards within the food industry has pointed to the need to explore how the adoption of quality and safety standards is influencing the market. The findings of sub-task 1.2.2.2 addresses how assurance schemes shape market developments which then in turn affect consumer welfare and industry structure. Balsevich et al 2003 argued that ‘markets segmented by quality and price may serve the varied needs of consumers more effectively than a single minimum quality standard’ (2003: 1153). The findings from this study support that claim but also indicate that within the UK dairy and livestock market the retailer own-brand starts to embrace quality and safety standards thus reducing the explicit marketing of assurance scheme standards. The relationship that assurance schemes have with consumers is becoming increasingly confused in the UK as retailers choose not to use logos, or where they are used they are part of a marketing strategy and do not give a clear picture to the consumer about what standards non-logoed products meet. Assurance schemes began as an industry initiative but logos were then developed to
appeal to conscientious consumers. The recent move particularly by retailers to reduce the use of logos on their own-brand products, or to use them as a market segmentation strategy pushes the assurance schemes back towards a predominantly industry concern. Typically notions of trust and confidence in food are part of the assurance scheme package, but now it is the retailer brands themselves that are working to claim this territory in the UK. This development makes increasing sense as the meat supply chain from suppliers to major retailer is increasingly integrated. Traditionally the UK meat supply chain is complex (see Lindgreen and Hingley 2003), however following the increasing consumer concern around issues such as food scares and animal welfare some of the retailers have developed their meat supply structure. A study of Tesco demonstrates this:

‘Tesco now buys directly from suppliers using a centralised distribution system, and the meat products are first delivered to central warehouses before being distributed to individual retail stores (Fearne and Hughes, 1998). Overall, the supply chain is viewed as one supply chain (and not as a number of more independent supply chains....) in which all parties work together in order to deliver the product-quality that the consumers are asking for. This also means that the relationships between Tesco and the meat suppliers become long-term supply relationships, and that the supply chain must allow for transparency, communication, and trust’ (Lindgreen and Hingley 2003).

This leads to the aims of the next part of the project (1.2.3) to increase understanding about the role retailers and other market actors play in the market for welfare-friendly foodstuff.

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