Welfare Quality®
Science and society improving animal welfare

Welfare Quality Reports No. 8

Farm Animal Welfare within the Supply Chain

Regulation, Agriculture, and Geography

edited by
Unni Kjærnes
Bettina B. Bock
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SIXTH FRAMEWORK PROGRAMME

CARDIFF UNIVERSITY
PRIFYSGOL CAERDYDD

WELFARE QUALITY REPORTS NO. 8

Welfare Quality Reports
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PREFACE

Animal welfare is of considerable importance to European consumers. Nowadays food quality is not only determined by the overall nature and safety of the end product but also by the perceived welfare status of the animals from which the food is produced. The fact that improving the animal's welfare can positively affect product quality, pathology and disease resistance also has a direct bearing on food quality and safety.

The Welfare Quality project is about integration of animal welfare in the food quality chain: from public concern to improved welfare and transparent quality. The project aims to accommodate societal concerns and market demands, to develop reliable on-farm monitoring systems, product information systems, and practical species-specific strategies to improve animal welfare. Throughout this Integrated Project, effort is focused on three main species and their products: cattle (beef and dairy), pigs, and poultry (broiler chickens and laying hens).

The research programme is designed to develop European standards for on-farm welfare assessment and product information systems as well as practical strategies for improving animal welfare. The standards for on-farm welfare assessment and information systems will be based upon consumer demands, the marketing requirements of retailers and stringent scientific validation. The key is to link informed animal product consumption to animal husbandry practices on the farm. The project therefore adopts a 'fork to farm' rather than the traditional 'farm to fork' approach. Welfare Quality will make significant contributions to the societal sustainability of European agriculture.

The present volume in the Welfare Quality© Reports series brings together the results from a variety of surveys carried out in seven countries (France, Italy, Netherlands, Norway, Sweden, United Kingdom and Hungary).

The authors of Part II are Bettina Bock and Marjolein van Huik. They collated work on the attitudes, beliefs and behaviour of poultry farmers concerning animal welfare, on the basis of individual contributions by:

F. Kling-Eveillard, L. Mirabito, P. Magdelaine (*France*)
A. Menghi, A. Gastaldo, K. de Roest, P. Rossi (*Italy*)
C. Hubbard, G. Garrod, M.A. Bourlakis (*United Kingdom*)
K. Bruckmeier, M. Prutzer (*Sweden*)
G. A. Skarstad, S. Borgen (*Norway*)
M.M. van Huik, B.B. Bock (*Netherlands*)

This results of the work presented in Part III is the final deliverable for the review of the Hungarian market for welfare friendly products. Material was collected mainly in two study trips to Hungary, where we met with and interviewed a number of people. We are grateful for the time and the warm and friendly welcome we received from these people. The interviews were crucial in providing information and giving us an understanding of the situation in Hungary of a kind that would otherwise be difficult to obtain. Also, our informants were helpful in guiding us to who and where we should look for more informants and written information.

Cathal Cowan acted as coordinator in the first phase of this task. After he left his position in Ireland, Unni Kjærnes took over the coordinating role. A number of persons have contributed to the data collection and writing of the report:

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July 2009

Part I

Improving Farm Animal Welfare across Europe: Current Initiatives and Venues for Future Strategies

by

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1

EXECUTIVE SUMMARY

This report gives an overview of the main results of the investigation on consumers' concerns and retailer and farmer initiatives for improving the welfare of farm animals in Europe conducted within Subproject 1 of Welfare Quality®. The research has carefully mapped concerns, initiatives and conditions for involvement in six European countries; France, Great Britain, Italy, the Netherlands, Norway, and Sweden, with more modest studies carried out in Hungary. The report thereby aims to offer a critical assessment of the potential contribution of the Welfare Quality® assessment tool to current European initiatives for improving the welfare of farm animals. The general picture is one of positive interest but of great difference and variation in terms of actual conditions.

There are two main mechanisms of animal welfare improvement: initiatives in terms of *regulation of animal farming by law*, both at supranational and national levels[1] and initiatives as part of *market differentiation* for animal products. The first mechanism aims at regulating animal farming by law, based on definition of a 'minimum standard' of animal welfare. Existing legislation does not cover all types of production or all the farmed animal species. Moreover, the extent to which the supranational regulation is implemented and monitored varies across the EU countries and national regulations vary as well.

The second mechanism has been developed more recently in association with various types of quality assurance and market differentiation schemes. The significance, contents and organization of such schemes are very variable. Most often, they take the same approach of the existing regulation of animal farming and refer to conditions and management systems (e.g. free range, organic) rather than 'actual welfare' as experienced by the animals. This latter mechanism has emerged within a context in which 'claims of better animal welfare' are made according to highly diverse criteria and point to a lack of regulation on which bases claims of welfare can be made. In the seven study countries we found a wide diversity of meanings of good welfare and also of the efforts that are being made. The strategies and opinions of the various actors in the animal supply chains cannot be seen in isolation, but are strongly interdependent. There are major differences in the social division of responsibility for farm animal welfare and thus who can and is taking the initiative, whether these are led by producer groups and processors, big retailers, alternative suppliers, NGOs, or public authorities.

[1] For example, early implementation of EU directives, such as in the UK and the Netherlands, or specific national initiatives, such as in Switzerland.

The findings of SP1 emphasize the strong impacts of the institutional as well as the political and cultural environment. Three models of institutional environment are identified, linked to regulatory policies and organization of the animal supply chains in Europe; the *(super)market model* (more evident in the UK and the Netherlands), the *welfare state model* (more evident in Norway and Sweden) and the *terroir model* (more developed in France and Italy).[2] These models are decisive for communication about the welfare status of the animal products to the end consumers, as well as for the ways in which consumers are expected and able to act. The development of animal welfare product standards is more advanced in those countries where the '(super)market' model is dominant, being used for market differentiation through labelling initiatives as well as for improving brand image, corporate market positioning, and corporate social responsibility policies. Animal welfare is visible on the market in the form of 'welfare claims' on product labels (or on packaging) and a niche of 'ethical market' has developed. It is also in these countries that we find most widespread mobilisation farm animal welfare issues. In those countries where the 'welfare state' model is dominant animal welfare initiatives are mostly part of public policies, private initiatives that consider animal welfare a non-competitive issue, or public-private collaboration. Here animal welfare is less visible on the market but it is part of the general political agenda, more for gaining citizens votes than for selling animal friendly products. In the countries where the *terroir* model dominates, initiatives are more diffuse. Animal welfare standards are less developed and, when existing, they tend to be part of (localized) quality strategies of the producers. Welfare claims on products exist but they are bundled within other, more sought after, quality claims. Here the 'ethical market' is less developed, there is less social mobilisation, and the welfare status of animal products is more opaque.

Looking across the seven countries, the following list presents some key findings.

1. There is a widely acknowledged 'illiteracy' of modern farming systems among EU citizens. This is common to other industrialised countries (e.g. USA) and it is most evident for intensive animal farming.[3] This illiteracy does not prevent the development of concerns for the life of farm animals. Quite the contrary it raises suspicious and worries that modern intensive farming systems are inherently detrimental to animal welfare and it generates the expectation that quality products are obtained from animals that have not been mass produced but enjoyed a higher quality of life in more dedicated and craft based system of production. Higher animal welfare is being strongly associated with small scale, traditional, extensive farming systems. These systems are believed to offer an opportunity for better welfare because they define the environment in which the animals live.
2. Information about the welfare of farm animals in the market and in the media debate is considered largely insufficient. The investigations among the general public show a widely spread demand for more education initiatives on modern animal farming systems in order to improve the general understanding of what kind of welfare risks

[2] Farm animal welfare is a new issue in Hungary and the approach is primarily to adopt European legislative minimum standards.

[3] For example, see the recently published World Bank IAASTD North America and Europe Regional Report, (World Bank, 2009).

might occur in current farming practices. Public institutions are largely held responsible for addressing this issue.

3. There is a demand for better *transparency*, *commensurability* and *accountability* of the information currently available on animal foods in the form of welfare claims. Such claims are made via specific product labels or, more often, as part of broader labels or general consumer information. Studies of the markets for animal products and specific welfare initiatives indicate that such demands are often not satisfied today. Existing claims often lack convincing documentation about standards, monitoring and independent audits. Competitive issues may prevent openness to the general public. The development of new assessment tools needs not only a sound scientific backing but must also consider the organisational environment of the assessment and its implementation.
4. Welfare schemes and product labelling initiated at the retail level refer to (some degree of) integration in supply chains. The structure and vertical integration of European food supply chains are highly variable across countries, types of production and distribution system, to some degree even species. Great Britain appears to be the only country where quality assurances programmes among major supermarket retailers are supported by wide-ranging integration downstream through processing, slaughter, and back to the farmer. The variable structure of supply chains needs to be considered in order to ensure applicability of the WQ standardized assessment scheme.
5. The concept of animal welfare is multidimensional and malleable, especially when presented on quality labels of animal products. There is a wide range of interpretations of 'good animal welfare' offered on food products labels/packaging and consumers' perceptions and expectations vary within and across countries. EU citizen's opinions are generally influenced by their distant position from farm animals and their lack of experience with modern animal production. In this context the welfare claims on animal products are an important source of information for forming ideas of what 'animal welfare' is as well as for judging what an 'animal friendly' product is. This is most noticeable for definitions of 'free range' and 'organic', which are considered synonymous with welfare friendliness.
6. Product labels and information at shopping sites are considered important by most EU citizens,[4] but only a minority believes that simply increasing the transparency of the market would be a valid strategy for improving the quality of life of the majority of farm animals in Europe. Most participants in our investigations expressed the opinion that this strategy would be largely insufficient because it should rely only on those who can afford/ are willing to pay higher prices for food. Moreover, differentiating animal welfare through graded standards is not always considered acceptable and a majority of participants in our investigation prioritized the need for raising the minimum welfare standard because such intervention would address the welfare of the entire animal population in Europe. However, market based initiatives and consumers' choice may be seen as a lever or a step on the way towards developing broader measures and better general welfare standards.

[4] Even by those who do not buy 'welfare friendly labelled' products.

We have learnt that the Welfare Quality® assessment tool may be relevant for a range of purposes.

- For making various existing standards comparable and accountable. Used in this way, it may contribute to strengthen initiatives already developed, by making the welfare claims more transparent and robust. This would allow for use in a variety of quality assurance programmes; associated with welfare friendly grading and labels, CSR programmes, and more general product labels (taste, organics, etc.).
- To implement 'civic policies' such as the Rural Development plans. The standard can become a very useful reference for animal welfare organizations and thus also for mobilization on welfare improvement.
- To clarify and concretize expectations on what to do, in association with European educational initiatives regarding welfare improvement on farms. While the assessment tool as such is far too technical for ordinary people, this documentation and reference is crucial for building up trustworthiness, especially for the most critical consumers – who are also more active.
- With its systematic scientific backing, the assessment system as a standardised assessment tool can be used for research purposes; helping to describe and compare welfare conditions, to explore causal factors, etc.

2

INTRODUCING THE QUESTIONS AND THE ARGUMENT

2.1 FARM ANIMAL WELFARE IMPROVEMENT IS ON THE AGENDA

Governing and improving the welfare of farmed animals is the concern of an increasing number of actors in the food system. Looking across Europe, however, it can be seen that the question of how to govern farm animal welfare is quite open. New actors and new measures emerge alongside, or in competition with, more established approaches. There seems to be strong general consensus over the importance of farm animal welfare among all actors in the food system, but there is controversy and uncertainty about the level of ambition, what constitutes 'good welfare', who should take responsibility, and what kinds of measures are most feasible.

Welfare Quality® aims to develop a European system for the assessment of farmed animal welfare and a European farmed animal welfare information system. The welfare assessment system incorporates numerous potential measures variously based on individual animals, the environments in which they are kept, and the management of groups of animals (herds or flocks). The assessment system may be used to determine the welfare status of cows, pigs and chickens on farms or at slaughterhouses. The diversity of measures generates a substantial amount of data, leading to the problem of how to integrate that data into an overall evaluation of a farm or slaughterhouse. Therefore, a model is needed to integrate this data and to translate the qualitative judgements derived from assessment measures into refined and easily understandable information that will underpin the decisions made by stakeholders (Veissier et al., 2007).

The suggested model, or preferably models, must be workable in practice. One major challenge is the unevenness of ongoing changes and the diversity of conditions into which the assessment system is meant to be implemented. Welfare Quality® has therefore dedicated a Subproject to study how farm animal welfare is dealt with in various production sectors and distribution systems, the character of public regulatory frameworks, public opinions on animal welfare, and associations between farm animal welfare and food consumption. The present report makes use of extensive empirical studies in seven European countries to discuss questions like these. A vast amount of data and a range of more theoretical issues have been generated from this research. For the present purposes, of ongoing policy-making and standard-setting initiatives, this report concentrates on

identifying major 'approaches' or 'strategies' in Europe within this area. These analyses are intended to contribute to the formation and implementation of welfare standards, monitoring systems and public information programmes.

Many types of inputs and actors need to be considered. Animal scientists and other specialists have in recent years produced considerable knowledge about nonhuman animal wellbeing and suffering beyond basic needs of nutrition and shelter. The research has arguably provided a better basis for improving conditions for animals used for human food production. Parallel to, and partly in communication with, this research, a debate has emerged on the problems of farm animal welfare in intensive, large-scale farming. At the same time, there are numerous commercial initiatives which use farm animal welfare as a quality related marketing tactic, embedded in strategies to demonstrate ethical and social responsibility, increase control over the food chain, and/or differentiate and segment markets. According to public opinion surveys, farm animal welfare is a 'good cause' all over Europe. In most cases, this signifies support for ongoing regulatory or commercial initiatives, sometimes reflected in people's own purchasing decisions. But for some, engagement transcends this passive support for welfare initiatives and extends to more active and activist positions. These range from campaigning for better treatment than is offered by existing welfare standards and/or practices, to more radical demands for the abolition of animal farming, with reference to animal rights philosophy, as well as to environmental, social justice and human health arguments. While farmers and others may fear this activism, they may also be frustrated with perceptions of over-demanding and price sensitive consumers. Commercialisation and politicisation have contributed to push the issue of farm animal welfare high up on the agenda of the European Union, prompted also by the needs of regulatory harmonisation and the consideration of global trade issues.

One of the clearest and most active expressions of these partially concurrent, partially contradicting tendencies is the current attention towards product labelling and 'consumer choice'. As a general strategy, proposals with this focus seem to gain considerable support from policy-makers and commercial actors as well as from large sections of the general public. However, moving beyond the good intentions, the specific conditions within which such strategies operate are highly variable and often insufficient. There is, to begin with, a basic difference between endeavours aiming at lifting general minimum levels, on the one hand, and efforts that differentiate beyond minimum levels, on the other. A market based strategy, in which consumer choice is one element, will in some way or other be based on the acceptance of different levels of welfare. But even with such acceptance, a number of questions emerge: How can better welfare conditions be translated into legitimate, accountable and feasible product standards? Can this be accomplished via commercial motivations and without legal enforcement? Considering the growing distance between live farmed animals and eaters of their flesh, milk or eggs, how can consumers' discriminatory choice of goods in the shop become the ultimate drive for change? And what are the roles and dynamics of information directed towards the public, including not only product labelling, but even educational measures and better transparency in the food chain? Will more openness and education produce support for current initiatives (including more willingness to pay for better welfare) or, alternatively, more criticism and activism?

This report will not be able to give conclusive answers to such questions. What it will do is deploy the extensive knowledge generated by research about national variations, in order to identify basically different types of approaches to improving animal welfare. By understanding the background to these different approaches, we can reach some conclusions as to the conditions under which the contributions from the Welfare Quality® project can be made more applicable.

2.2 THE MAIN PURPOSE OF THIS REPORT AND THE QUESTIONS BROUGHT UP

SP1 of Welfare Quality® has conducted detailed studies of producers, distribution systems and consumers in six European countries; France, Great Britain, Italy, the Netherlands, Norway, and Sweden), and more modest studies of a seventh (Hungary). A number of reports have been produced on how various actors deal with farm animal welfare in these countries. Research has investigated the opinions of food system actors, as well as practices and organisational structures. Much variation has been revealed. In particular, there are significant national differences in how farm animal welfare is considered and regulated. Within a given setting, cultural, political and institutional conditions for what is being done are often taken for granted. Comparisons across countries or sectors may illuminate and facilitate understanding of the significance of such conditions.

It is important here to attempt to avoid any tendencies towards 'centrism', with regard to moral convictions about problems and solutions, or to implicit assumptions that experience from farm animal welfare improvements from one particular sector or country represents a solution that can be generalized to different contexts. Differences are clearly not static, but evidence suggests that it is highly questionable whether it can be assumed that ongoing changes in European food markets and the regulatory setup are convergent.

Based on their studies of producers, distribution systems and consumers, national teams have produced reports characterising approaches to farm animal welfare in their respective countries. The task is to move beyond country-wide and sector-wide analyses to identify general trends, considering continuity as well as diversity.

According to the Technical Annex for Welfare Quality® the main goals of this task are:

- to contribute towards an integrated and comparative analysis for the whole of SP1;
- to provide an overview of consumer, distributor and producer requirements for welfare-friendly products;
- to provide strategic implications for further investigation in SP4 and other parts of Welfare Quality®:

- for the development of an overall animal welfare assessment (including the differentiating principles and the their various applications);
- for the development of information systems (on farmed animal welfare principles, the assessment system, and in relation to food products);
- for dissemination strategies.

These goals are met in this report by presenting country by country and comparative analyses that identify and typify existing forms of understanding and action to improve farm animal welfare. From this we outline some major trends and 'approaches'. These scenarios will be characterised by the market situation, regulatory arrangements, the focus on welfare among experts and in public discourse, issues of trust, division of responsibility for farmed animal welfare, and so on. From this, we aim to produce useful input to ongoing work in SP4 on farm animal welfare standards, assessment and monitoring, as well as education and information to the general public.

2.3 ANIMAL WELFARE IN SOCIETY AND IN SOCIAL SCIENCE

The last 20 years have seen a burgeoning academic interest in human-nonhuman animal relationships (Kalof and Fitzgerald, 2007; Miele and Bock, 2007). Studies have ranged from attending to histories of human care for, or mistreatment of, nonhuman animals (Eder, 1996; Franklin, 1999) to understanding how human attitudes and behaviour towards nonhuman animals encompass love and compassion (Serpell, 1986; Haraway, 2008), inattention or indifference (Fudge, 2002a, 2002b) or violence and power (Adams, 1990). A consistent theme has also been the differential categorisation applied to nonhuman animals, for instance according to species, or to their relative utility to humans – notably distinctions between 'domestic', 'wild', 'companion' and so on. These kinds of categorisation have material effects in the ways that other animals are literally placed in relation to 'us' (Ingold, 1994; Fudge, 2002a). For instance, 'wild' animals are kept at bay, animal companions are kept close by, but 'food' animals occupy an intermediate position (Kjærnes and Guzman, 1998).

Alongside this growing academic interest, there has been a recent proliferation of animal welfare standards. This sits in context with broader societal trends towards establishing standards of many kinds in the food sector, for instance in respect of food safety or environmental protection (Ransom, 2007). These new standards play complex market roles beyond the goal of ensuring homogeneity. Niche marketing and product branding are facilitated in parallel with the enhanced safety and quality assurance promised by new standards (Giovannucci and Reardon, 2000; Reardon et al., 2001). Simultaneously, regulatory agencies have multiplied. What once was the sole province of nation-state level governance is now occupied by a plethora of supra-national regulatory agents (Scholte 2000; McMichael, 2004; Miele et al., 2005). While consumer demand is predominantly

cited as the explanation for rising farm animal welfare standards in the literature, Ransom (2007) argues that the market access, political power and legitimacy of agri-food organizations are increasingly conditional on their willingness to meet the demands of large food retailers for enhanced welfare standards (see also Friedberg, 2004).

When farm animal welfare is deployed as a market segmentation strategy, it usually avoids drawing attention to the real lived experiences of the animals and the ways they are treated. Instead, it forms part of a package of ethical and / or food quality issues (Buller and Cesar, 2007). Supply chain actors and consumers appear to tacitly collude in dissociating the products from the animals themselves (Miele and Bock, 2007), which may be related to a broader ambivalence about killing other animals for human food in modern societies (Vialles, 1994). The industrialisation of slaughter and carcass processing physically and culturally hide the deaths and post-mortem fates of farmed animals from public view. Marketers are careful not to connect the once living subject (animal) with the dead object (meat) (see Adams, 1990), which necessitates a certain coyness about welfare issues.

However, this discursive separation of animal from product is imperfect, as evidenced by the concerns of many actors in the food system. As the economist Richard Bennett (1995) argues, farmed animal welfare may be understood as an unlooked for 'externality' of animal farming and animal product consumption. The meaning of this 'externality' varies for different actors: a collapse of the discursive separation of animal from food leads some to veganism, or at least vegetarianism, in order to remove oneself from complicity in the suffering of farmed animals. For others, consuming animal products become problematic, while not ceasing, or even necessarily reducing in frequency. However, for many people, an experience of *cognitive dissonance* appears to operate, in which thoughts about the suffering of farmed animals is suppressed. This is partly effected through sourcing 'animal friendly' foods, but this raises high transaction costs for consumers, given the difficulty of identifying what is currently a limited range of 'animal-friendly' products in the marketplace. Therefore, we cannot expect to be able to fully interpret actions from extant food purchasing behaviour alone. This insight is developed by Vanhonacker et al. (2007) who argue that there is a dearth of research into the interaction between people's relationship as citizens to the ethics of farm animal welfare with their relationship as consumer to food choices.

One factor in people's choices to replace, partially or completely, animal products with plant based foods, or to alter their choices of animal based foods, is the politicisation of the animal welfare/rights debate. Damning criticism of modern farming practices, primarily for reasons of farmed animal suffering, but also on ecological and human health grounds, is a leitmotif of the literature (Fraser, 2001; Porcher, 2006). 'Factory farming' is ubiquitously used as a derogatory term synonymous with the cruelty inherent with treating farmed animals as productive units and not as sentient beings (Johnson, 1991; Singer and Mason, 2006). Compared to welfare reformers, animal rights proponents are more likely to target *all* forms of animal farming as unjustifiably exploitative (Meyer and Staggenborg, 1996), and a concern with the sufferings of individual animals leads them to focus particularly on the experiences of animals on farms and in slaughterhouses in order to generate moral shock in their audiences. The role of other actors in the supply chain is

therefore sometimes relatively neglected. The perception that they are the target of animal rights activism contributes to a sense that farm animal welfare is a controversial issue among animal farmers. They counterpoise their own understanding that they care for farmed animals, about whom they have considerable expertise and experiential knowledge, with concessions that the pressures of economic efficiency constrain the available time and resources to devote to welfare concerns (Bock and van Huik, 2007).

However, there has been little investigation into the different experiences of farmers and the diverse ways in which they interpret the meaning of 'animal welfare' (Miele and Bock, 2007). It can be inferred that the organization of the farm has a significant impact, as it delimits the available time for farmers to be with individual animals. Both the total quantity of time available, as well as the regularity and intimacy of contact are affected (Bock et al., 2007). Therefore, in a different context but with a similar mode of operation, the extent to which farmed animals are visible to farmers as sentient beings and not productive units is shaped by the quantity and quality of the time farmers spend with them. Recognition of the *animalian* nature (Buller, 2004) of farmed animals is a strong motivation for farmers to attend more closely to their welfare, and differences in farm types and forms of production can facilitate or inhibit the development of this sensibility.

There are similarities between the conceptualisations of farm animal welfare of farmers and the general pubic, despite the ambiguity towards the market sometimes displayed by the former. For instance, Skarstad et al. (2007) found complementary understandings of a 'good life' for farmed animals, centring on the need to attend animals with *care* and the striving for balance between economic imperatives and respect for animals' freedom. However, the meaning of 'care' and 'freedom' diverges somewhat between the two groups, as does the understanding of farm economics.

The use of animals for human food production appears to be a site of ambivalence and contestation. Farmed animal welfare is a polysemic and fluid concept (Miele et al., 2005; Miele and Bock, 2007).This can be illustrated in respect of the different meaning ascribed by different sets of actors: markets deploy welfare as a marker of food quality; consumers seek welfare guarantees to facilitate healthier, tastier and more ethical food habits; animal scientists in an experimental context link welfare to genetic robustness; farmers view ensuring welfare as a caring vocation; while animal rights advocates view 'animal welfare' as oxymoronic in the context of animal farming. The fluidity of the concept of farm animal welfare therefore means it performs different functions in different contexts: in the marketplace, animal welfare relates to notions of animal's freedom, happiness and ability to experience close-to-natural conditions in the context of a contented life; while on farms, it varies according to the extent to which farmers are close to farmed animals and experience and respond to the corporeality of animals rather than purely their economic value. Of course, what ultimately matters most for the individual animals is what happens in the farm. Therefore, judgements about the appropriate treatment for particular species or breeds, as well as the specific purpose of production and elements of farm architecture, such as type of housing system, all combine with the extent to which farmers can and want to be close to farmed animals in determining their quality of life.

In summary, farm animal welfare is a complex moral issue, with debates centring on how to define 'good' or 'bad' welfare, how it might therefore be improved, who is responsible for it, and even, from an animal rights viewpoint that problematizes all forms of human use of other animals, whether it can be a meaningful goal at all. Furthermore, the lived experiences of farmed animals are only part of the complex totality of moral discourses that surround them. This is a point of commonality with other contemporary food debates about intensive farming of all kinds, global trade, or what constitutes food quality. The position taken in these debates depends in part on how different actors relate to other animals in their day to day lives, for instance as farmer, consumer or campaigner. The capacity to effect change in farm animal welfare also differs widely depending on one's position in the food supply and consumption system. Governing farm animal welfare therefore depends not only on the relative strength of competing moral discourses, but as much on their embeddedness in broader social relations. Despite the highlighting of these complexities in academic literature, there has been less academic interest into how animal welfare is and can be regulated. It is the various forms of regulation of farm animal welfare that are explored in the remainder of this report.

2.4 OVERALL ARGUMENT AND STRUCTURE OF THE REPORT

The contemporary farming of animals for food in Europe is framed by regulatory harmonisation, exchange of knowledge, market integration, and innovation. There are a number of forces influencing all of these aspects. For example, changes in the regulation of farm animal welfare are influenced by general shifts in modes of governance, changes in food supply structures, including tendencies of Europeanization and globalisation, as well as alterations in public opinion, mobilisation and consumer practice. By studying farmers, retailers, regulatory arrangements, and consumers, there are some general lessons to be drawn. However, these will be of little value if they are discussed without regard of their interdependencies and context. To retain that necessary contextual focus, we have studied nation/region specific conditions, as well as different species and food chain characteristics.

The present chapter and Chapter 3 introduce the key questions, their scientific background and the methodologies that have been applied. Chapter 2 has given a description of the background and main purposes of this report. Chapter 3 presents a brief overview of the overall design and the wide range of specific methodologies that have been applied.

Chapters 4 and 5 present empirical results. Chapter 4 gives a description of the concerns and initiatives of various actors in the food chain, from farmers, via the food distribution system, to consumers. The studies reveal a lot of attention and effort directed towards animal welfare, but the levels of concern are highly variable across countries and sectors, as is the framing of the issues.

As a foundation for comparative analysis, Chapter 5 puts together the respective actor-based descriptions of concerns and initiatives to search for national patterns, which are then linked to basic structural characteristics. Interrelationships between market actors, the state and households are highly varied when it comes to competence, political and economic power, and the social division of responsibilities, generally as well as in this case of farmed animal welfare. Debates are framed differently and the understanding of what good welfare is and how it can be obtained depends on who the actor is as well as the national context. Our attention is directed towards the particular ways in which these features go together to produce or obstruct innovations in farmed animal welfare, sometimes revealing a consensual situation, in other cases being much more heterogeneous and conflictual.

It must be emphasised that comparative analyses are not intended as purely descriptive, or as a means of *essentialising* national frameworks. The main purpose is analytical, to make use of comparative techniques in order to identify underlying structures and general tendencies. Moreover, variations and change are of course not only dependent on the national context. Farm animal welfare, as with most food issues, is subject to multi-level governance. Local and regional initiatives cannot be overlooked, nor can the implications of international and European trade (and trade agreements) be disregarded. Also, while some countries are relatively homogeneous, in other countries several 'systems' may co-exist, perhaps in tough competition. Different production sectors and species represent highly diverse conditions for welfare improvements with regard to economic viability, technology and professionalism. And while distinct consumer and food cultures may be identified at the national level, there are of course other types of distinctions, depending on socio-demography, political orientations, and so on.

In Chapter 6 and 7, actor- and country-based descriptions are used to identify basic ways of handling farm animal welfare and welfare improvements, the different 'logics' so to speak. Chapter 6 aims at developing a typology for different approaches and to identify institutional configurations and political and economic foundations for these different logics, thus seeking to identify different and changing modes of governance within this particular area. Finally, in Chapter 7 these analyses are used to address more concretely ongoing European discussions of farmed animal welfare policies and to outline some implications for the practical tools and systems that are being developed within the frames of the Welfare Quality® project.

3

METHODOLOGY AND DESIGN

3.1 GENERAL CONSIDERATIONS

SP1 has investigated societal attitudes and practices as they impact upon farm animal welfare and assessed to what extent new welfare strategies might be achievable in practice. There are two main aspects to this. First, we compare the handling of farm animal welfare across seven countries (one, Hungary, in somewhat less depth). Second, focus is directed towards actors along the food supply chain, from farmers of cows, pigs and chickens, to people as buyers and eaters of food.

The comparative design was selected in order to record and recognise different attitudes towards and conditions for introducing new initiatives and measures to improve welfare in Europe. This is meant to improve the realism and robustness of the suggested measures. The selected countries have different characteristics; small and large, from the northern, mid and southern parts of Europe, with centralised and more decentralised state structures, with food industries oriented towards exports and towards domestic markets. Six West European countries were chosen, based on these criteria: France, Italy, the Netherlands, Norway, Sweden, and the United Kingdom. The consumer studies included one East European country as well, namely Hungary, where additional investigations have been carried out in order to understand regulatory, economic and political frames for public opinions and consumer practices. Strong emphasis has been placed on planning and conducting the empirical data collection in these countries in a comparable fashion, while at the same time bringing forth the conditions and perceptions that make each country unique.

The aim of Welfare Quality® is to produce instruments and measures to improve farm animal welfare that are applicable in different conditions. The original idea was to emphasise measures that support initiatives beyond the minimum standards indicated in national and European legislation. Attention was therefore to be directed towards actors in the food provisioning system. This focus, however, has not been to the exclusion of other key actors and institutions, such as public authorities and non-governmental organizations (NGOs) addressing animal welfare and animal rights.

Finally, welfare improvements via product differentiation require that people act as conscientious and active consumers when making their routine purchases of meat, eggs, or milk. It was therefore important to make a critical study of to what extent and in which

ways people bring responsibilities for farm animal welfare into the sphere of everyday consumption. At the same time, initiatives and arrangements will receive minor support if they are not seen as trustworthy, and instead of analysing consumers as rational individual decision-makers, emphasis has been put on social and relational aspects of consumer involvement.

The respective national studies of consumers, distribution systems and farmers were given out to different teams of researchers, all knowledgeable in the particular field of study and having the specific competencies required to conduct the various types of empirical investigations. Each set of studies, of farmers, distributors and consumers, were closely coordinated. At the onset, extensive reviews were made by all teams of researchers (Roex and Miele, 2005).

SP1 has been organised in three main work packages (WPs) concerned with consumers, retailers and producers, respectively. Each WP investigates how these groups view welfare considerations and determines how they might be persuaded to adopt more rigorous welfare standards. After a first review (Roex and Miele, 2005), each WP has made in-depth analyses of concerns and conditions for their respective types of actor.

3.2 STUDIES OF CONSUMERS AND PUBLIC OPINIONS

Work package 1.1 has analysed consumer concerns about farm animal welfare, the type of information demanded, and the most effective communication and information strategy. It builds on previous findings that while many consumers are interested in farm animal welfare this has little impact on actual purchasing habits. Market factors limiting demand for welfare friendly foods have been analysed, including lack of availability, appropriate information, and trust. Along with that, we have sought for other types of influences, including social background, the character of food consumption practices, various cultural references, civic participation, and political opinions.

Data collection has included focus group interviews and representative population surveys in seven countries; France, Hungary, Italy, the Netherlands, Norway, Sweden, and the United Kingdom.

The focus group interviews were based on a common interview guide and standardised procedures for sampling, the conducting of interviews, and use of qualitative data analysis software. Six to seven group interviews were carried out in each country. All interviews were translated into English for the comparative analyses. The analyses of the focus group interviews have sought to characterise:

- various ways in which consumers describe their practices, awareness, motivations, and counter arguments, including taken-for-granted issues with regard to 'animal friendly' products;
- various avenues of information that are being used or demanded by consumers in the different countries, in terms of form and contents; and
- the meaning and implication of consumer trust and distrust in relevant actors and information sources, including labelling.

The methodology adopted and the national results are reported by Evans and Miele (2007).

Computer assisted telephone interviews (CATI) were carried out in the same seven countries in September 2005. Representative samples included 1500 participants aged 15 years or more in each country. Standardised interviews were conducted by polling agencies. Explanations of the observed national results have been discussed in country reports. Further analyses have concentrated on cross-country variations regarding the major themes brought up in the survey, including people's interest and concerns with regard to farm animal welfare and their role as food consumers with regard to welfare improvement – as part of daily purchasing practices and as a basis for activism and mobilisation. Analyses have also addressed barriers to purchasing 'animal friendly' products, the role of and demand for product labels and other types of information, and consumer demands regarding systems to supply and monitor animal friendly food products. The methodology has been described in detail by Lavik (2007) and an overview of the results is presented by Kjærnes and Lavik (2007).

3.3 STUDIES OF RETAILERS AND DISTRIBUTION SYSTEMS

Work package 1.2 has evaluated current and potential markets for 'welfare friendly' food products, welfare label characteristics, and inspection systems. It has investigated how retailers and processors in six European countries view welfare issues, their role in incorporating welfare concerns in the supply chain, and the scope for expanding retailer and industry led welfare initiatives. The work package builds upon existing knowledge about schemes in order to examine why retailers and the industry behave as they do as well as the scope for modification.

The empirical data collection has included two major steps, namely an initial mapping 'audit' of food products marketed explicitly or implicitly as more 'animal friendly'. The audit recorded the types of products, the types of arguments (organic food, food quality, welfare characteristics, etc.), and the actors involved in the product differentiation and marketing initiative. Moreover, the audit sought to identify various types of quality assurance schemes (QAS's) which address farm animal welfare, alone or as part of broader concepts. The results have been reported by Roe and Marsden (2007).

In-depth interviews were then conducted with key actors in the supply chain for various animal-based food products, including not only retailers but also those that negotiate with retailers in the supply chain. About 15–20 interviews were conducted in each country. The interviews were based on a standardised interview guide. This has allowed a form of network analysis seeking to trace relationships up and down the supply chain, revealing the 'balance of power' between actors. Analyses have focussed on retailer strategies, retailer-led assurance schemes, and marketing initiatives. Moreover, interviews sought to investigate relationships in the supply chain between retailers, on the one hand, and assurance agencies, government agencies, the food service sector (including caterers), food manufacturers, producer organisations and NGOs, on the other, in relation to welfare issues. Finally, the analyses were designed to enable the development of strategies that highlight the scope to expand the market for 'welfare friendly' products based on an in-depth understanding of retail strategies, marketing initiatives, assurance schemes and government policies.

These interviews have allowed for greater understanding of decision making processes within retail companies and stores and have enabled a picture to be developed of how various retail actors 'see' the market for 'welfare friendly' products. The research reveals a range of potential and overt obstacles to market expansion as well as potential opportunities for such an expansion. The analyses of interview data have been reported by Roe (2007).

3.4 STUDIES OF FARMERS

Work package 1.3 has identified potential barriers to the development of 'animal friendly' products faced by producers, focusing on producers' links with supply chains. It has obtained detailed information from producers/processors concerning their current and potential involvement in supplying 'welfare friendly' food products to the market and probed the beliefs, attitudes and motivations of farmers that have adopted 'animal friendly' systems. It has also established how they conduct their business activities, assessed their effectiveness in developing the 'welfare friendly' food products market, and identified strategies for effecting adjustments to meet market demand.

The study among farmers consists of three case-studies, in pig, cattle and chicken farming. Each case-study is based on a sample of 60 farms per national team, including the chosen sub-sectors of each, described as follows: Meat ('broilers') and eggs in the case of chickens; breeding and fattening farms in the case of pigs; dairy, beef and veal in the case of cattle. Each sample was stratified according to the participation or non-participation of the farmers in quality assurance schemes (QAS's). The following five categories were attempted to be included in the sample for each country:

- farmers participating in a basic QAS;
- farmers participating in a top QAS;
- farmers participating in a specific farm animal welfare scheme;
- farmers participating in an organic scheme;
- farmers who do not participate in any QASs.

Comparing these groups of farmers enabled us to identify incentives and barriers in the conversion to animal welfare schemes and to understand how conversion to more 'animal friendly' production methods could be encouraged and supported by policy interventions. In addition, we tried to maximize variation with regard to other characteristics such as age, gender, geographical situation, farm type and farm size.

The study explored the diversity in beliefs, attitudes and behaviour concerning farm animal welfare among farmers and tried to understand the significance of scheme-participation, differences between sub-sectors and between countries. The samples were too small to be regarded as representative, but reflected the differences that were expected to matter. As a result the case-study can demonstrate the range of beliefs, attitudes and behaviour but not the frequency with which these beliefs, attitudes and behaviour occur among farmers in the six countries.

In order to gather comparable information the teams agreed upon using a common basic questionnaire. This questionnaire served as the basis for all case-studies and includes questions about the following issues:

- farmers' participation in animal welfare schemes;
- farmers' attitudes towards animal welfare;
- farmers' perceptions of animal welfare legislation;
- farmers' assessments of animal welfare off the farm;
- farmers' perceptions of market and societal beliefs in 'animal-friendly' products.

The questionnaires were semi-structured and included open as well as closed questions. Farmers were mostly interviewed face-to-face and on the farm, although the outbreak of Avian Influenza made chicken farms inaccessible in some countries. In these countries, parts of the interviews were carried out by telephone.

Data analysis focused on the uncovering of farmers' issues and concerns and understanding their motivations and reasons for their behaviour. For the latter, flexibility and room for taking contextual characteristics into account is of great importance. All research teams analysed the collected material in this light, trying to find out if participation in production schemes, national differences, or other factors are relevant to farmers' attitudes, beliefs and behaviour.

Each team reported on their findings in a national report. The overview report is based on these, summarizing but also comparing national findings. In order to find out if participation in farm animal welfare schemes makes a difference, we compared between farmers across QAS's both nationally and internationally. We also compared between

countries in order to find out how differences in the national context of the chicken sector influenced the responses of farmers. Additionally, we checked for differences between sectors and sub-sectors.

The study of pig farmers is reported in Bock and van Huik (2007), the one on cattle farmers in Bock (2008), and the study of chicken farmers in Part II of this volume, respectively.

4

CONCERNS AMONG ACTORS IN THE FOOD CHAIN

The studies in SP1 concentrated on key actors and institutions in the food provisioning chain, from animal farmers to retailers (and caterers), regulators, and ordinary people as citizens and consumers. The analyses presented in this report is divided into three steps. The first discusses variations in concerns and strategies among key actors, in particular farmers, processors and retailers, on the one hand, and the general public, on the other (Chapter 4). The second contextualises these variations by discussing institutional structures and arrangements, first of all in terms of national configurations of market structures and public policies (Chapter 5). The third step is to characterise typical ways in which approaches to farm animal welfare depend on and are influenced by particular institutional conditions as well as responses and expectations from the general public (Chapter 6).

Current public interest in farm animal welfare is reflected in an increasing presence in the media, an emerging consumer/citizen interest in ensuring 'good' farmed animal welfare, and growth in commercial initiatives led by farmer cooperatives and/or retailing and processors. However, we find many different motivations reflected in the commercial initiatives of producers and the food-industry operating alongside a range of expressions of consumer/citizen concern.

The following questions are asked:

- Normative framing: How important are farmed animal welfare issues and do they constitute issues of major concern? What aspects are emphasised? What is causing problems?
- Responsibility: Who is expected to take responsibility? What is the role and responsibility actors see for themselves?
- Actions: What kinds of action are consumer-citizens or institutional actors taking? In which ways are they involved in farm animal welfare issues? For institutional actors, how are their actions organised? What is the role of voluntary standards and assurance schemes?
- Strategic considerations: Why is action being taken, or not taken? For instance, idealism, power, legitimacy, profit, and other motivations may be playing a part. What are the future expectations of actors?

4.1 CONSUMERS' PERCEPTIONS OF WELFARE

There are many indications that European citizens are concerned about the welfare of farmed animals. The Eurobarometer surveys conducted in 2005 and 2006 underlined that animal welfare is an issue of great relevance to European citizens. The impression of widespread interest is supported by our own survey results. Many people acknowledge farm animal welfare as an issue, often associating poor welfare with industrial farming techniques (and as a corollary, associating good welfare with smaller scale agricultural enterprises). Modern transport and slaughtering methods are also often met with worry. But the concerns cannot be said to drive consumption behaviour to any large extent, in particular if judged by the demand for particular 'animal-friendly' foods (Kjaernes and Lavik, 2007; Evans and Miele, 2007).

Findings from the focus group research support the survey analyses in that knowledge about farm animal welfare tends to be shaped by a bipolar understanding of farming systems. 'Industrial' systems were perceived to provide low animal welfare and alternatives, such as 'organic' systems, were perceived to provide good welfare. Furthermore, participants tended to know more about those welfare issues that were perceived to be connected to food quality and safety (such as the use of antibiotics, animals' feed and levels of stress) than those which were perceived as having little influence on the final food product. Participants also lacked detailed technical knowledge about issues such as the nature of modern farming systems, the types of animal breeds used in modern intensive systems and issues of farmed animal biology and physiology. This lack of understanding or *illiteracy* about modern farming systems does not prevent the majority of citizens to be concerned about the life of farm animals, quite the contrary, it is generating widely spread suspicions that modern, intensive animal farming systems are inherently un-friendly (if not explicitly cruel to animals) and that extensive, small scale, traditional, free range, and organic systems will automatically deliver better welfare.

Responses to survey questions as well as our focus group discussions indicate that many people are concerned, but not necessarily worried about farm animal welfare. With the exception of Hungary, the majority tended to believe that farm animal welfare conditions in their own country had improved in the last few years and there was a widely held belief that European regulation was sufficiently stringent to guarantee a decent life for farmed animals. Most participants were interested in learning more about how food is produced and about the living conditions experienced by farmed animals. However, they did not necessarily want to be presented with detailed information about different production systems whilst shopping for food. Group discussions reflect that many considered farm animal welfare to be more of a 'public good' than an issue to be addressed by the market. Analyses of the survey data indicate that the widespread interest in more information on farmed animal welfare is not associated with any clear intention to act by changing shopping practices. The general assumption seems to be that the legal system and existing regulation within the food chain (both in the form of direct State regulation and supply

chain actor governance through food standards and assurance schemes) ensure that what is available on the market is produced to an acceptable ethical standard. Even though there is widespread scepticism towards modern farming practices, trust in the capability and willingness of these systems to consider animal welfare seems to be relatively high.

In relation to their own shopping practices, only a minority of participants indicated a willingness to actively search for 'animal-friendly' products. Taste, quality, price, convenience, and freshness, were the most common factors taken into account when shopping for food. Given that the most widely voiced ethical concern is animal suffering or cruelty towards animals, the most common expectation is that any product that arrives on the market is obtained through methods of production that avoids animal suffering.

Many participants seem to have very wide and general ideas about what a 'welfare-friendly purchase' is. The most generalised approach is an overall approval of production systems and/or regulations in their own country. A significant proportion of participants associated organic, high-quality, and even locally-produced products with higher levels of animal welfare. The focus on production systems is also reflected in the popularity of free-range systems for chicken's eggs and chicken's meat. There is a clear differentiation in welfare concerns between species; chicken farming is perceived as most industrialised and intensive, resulting in poor welfare, followed next by pig farming, and then farming of cows for their milk. Ranked at the top in welfare terms are species associated with extensive production systems, for example, sheep in Norway and Mangalica pigs and grey cows in Hungary.

There is, nevertheless, a gradual shift in attitudes and a growing awareness of welfare issues. This is partly prompted by animal welfare organizations and by recent food scares, but also by the dramatic growth of quality labelling, notably organic. For some, especially in Northern Europe, quests for 'animal friendly' food are associated with a more critical and active consumer role. We find a minority of 'critical consumers' who actively search for 'animal-friendly' products. This group has become more numerous in the last 10–15 years, especially in the UK and the Netherlands. Despite this, specific 'animal-friendly' products still represent a small segment of the food market. Critical consumers seem to be willing to pay a higher price for 'welfare-friendly' products. By higher farm animal welfare they understand more natural systems of production (e.g. free range, organic and 'traditional' farms) and systems of production that enable farmed animals to experience a range of positive emotions. In contrast, they believe that issues such as the absence of pain or other negative emotions (such as fear and stress) are not worth rewarding with higher purchasing prices, but rather represent the bare minimum quality of life that should be guaranteed to all animals reared as food or food sources.

There is a relatively common association of farm animal welfare with product quality. Participants in focus group discussions had high expectations about the 'animal friendliness' of a range of 'quality' products that were currently available. This is reflected even in the survey results. The association of 'welfare friendliness' with food quality is especially prominent in France, but also visible in many other countries. Quality products (for the most part those that are thought of as having a superior taste) are widely assumed

to result from production processes that exhibit higher levels of welfare. Often a link is also made between healthy products and increased levels of welfare. The idea of 'good for animals, good for humans' is widespread everywhere, but seems to be particularly emphasised in Italy, Hungary, and France.

Our research findings point to the need for addressing public concern about farm animal welfare through a range of different mechanisms. A key issue is trustworthiness regarding the information that is provided as well as the welfare status of farmed animals. Undoubtedly improving the *transparency* of the market through regulated labelling and better communication to EU citizens about farm animal welfare issues would help to create a suitable climate for more consumers to become actively engaged and to be able to translate this engagement into informed choices. However, for the market mechanism to work, more transparency about the welfare status of products should be coupled with more *accountability* of the animal supply chains when welfare claims are not explicit on the products and more *commensurability* of the existing claims on animal products. This points to the importance of efficient monitoring and sanction systems, performed by independent parties.

However, many EU citizens also expect public intervention, such as financial and educational support for farmers, raising minimum standards by legal means, banning the most problematic systems of production, and to improve the quality of life for the majority of farmed animals in Europe.

4.2 RETAILERS' PERCEPTIONS OF WELFARE

Across Europe, we find highly variable commercial strategies for farm animal welfare issues among retailers. While this generally does not currently present a commercial opportunity in Norway and Hungary, in contrast it is a well established commercial strategy amongst British and Dutch retailers, and features as part of more quality-embedded strategies in France. Sweden is developing a commercial strategy comparable to the UK and Dutch model, whereas farm animal welfare is emergent in Italy along similar lines to the French model (Roe, 2007).

Farm animal welfare is 'sold' in a variety of forms by the retailers and manufacturers investigated in this research. For many of these welfare is considered part of a commercial strategy to illustrate concern for the environment and sustainability and supporting their 'brand' image. Where higher welfare production standards were met it was only advantageous to market these products for more highly valued parts of animal's carcasses. This practice is carried out with recognition for different values placed and thus willingness-to-pay-more for some parts of farm animals' bodies than others, along with a commercial need to offer a range of products of different qualities in a product category.

It is important to note the strong emphasis upon the economic sustainability of the means of production. The phrase 'there is no packaging or marketing difference for the final product produced to a higher welfare standard' is critical to understanding the difficulty of promoting a 'welfare label'. In the absence of strong ethical consumerism and without a perceptible difference in product quality, market actors see no opportunity for a market segmented *solely* by welfare concerns. Hence, the majority of retailers argue that welfare needs to be bundled as a component of general product quality (e.g. gustative quality). As a commercial 'strategy', farm animal welfare is clearly not, by itself, a viable reason for product segmentation at present. However, welfare is becoming increasingly adopted as a component in a broader reconfiguration of notions of quality; this both in response to perceived consumer concerns but also as part of retailers' own commitment to 'quality' and 'environmental sustanablity' and other more overtly 'ethical' practices. Particularly in France and Italy, the understanding of 'quality' is extending beyond the product to the entire chain and the actors involved in it under a process of what we might term 'quality modernisation' which incorporates elements of ecological modernisation (through references to the environment and sustainability) but also ethical modernisation.

Retailer initiatives concentrating particularly on farm animal welfare standards are much more rare and concentrated mainly in the UK, and to some degree in the Netherlands. A dominant strategy, especially for 'quality' retailers, is to include such standards as part of their branding strategy, in order to improve legitimacy and reputation. In effect these retailers have become heavily involved with industry assurance schemes and by doing so are reducing the need for them to run their own assurance scheme through buying products exclusively from these assurance schemes. With the control that British supermarkets have over the supply-chain they can ensure that standards can be implemented relatively easily. While the producer-led Label Rouge scheme in France has not developed the same relationship with retailers, it is equally valuable in relation to initiatives which include welfare criteria.

The findings from this study also indicate that within European markets for animal-based foods, the development of retailer own-brands that have started to embrace quality and safety standards have led to the reduction of the explicit marketing of assurance scheme standards. The relationship that assurance schemes have with consumers is becoming increasingly confused in Europe as retailers choose *not* to use logos or use logos that do not give a clear picture to the consumer about what standards the products meet. The moves particularly by UK retailers to reduce the use of non-mandatory independent labels (an exception is the mandatory organic certification label) about production standards can be linked to two trends. Firstly, the retailers' brand is used as a logo/symbol for everything being okay. Secondly, new logos are being devised related to claims about 'healthy food', in terms of fat content, etc. which are using up packaging space for other labels. Consequently, labels are used as a market segmentation strategy which pushes regulating compliance to assurance scheme standards back towards a predominantly industry concern as opposed to one which consumers can engage with. This leads to a large amount of meat and dairy products that are produced to higher animal welfare levels than EU minimum standards but which are not labelled as such. However where the retailers are less dominant, the place of the label is still thriving on product packaging produced by

manufacturers or farming cooperatives. This development makes increasing sense as the meat supply chain from suppliers to major retailers is progressively more integrated.

4.3 FARMERS' PERCEPTIONS OF WELFARE

Farmers in the six EU study countries consider looking after animals and ensuring their wellbeing an essential aspect of their job. The research carried out in WP 1.3 shows that farmers stress the need to satisfy the physiological needs of animals, including their health, but are also concerned with animal's general conditions, such as their level of comfort, or the ambience of farm buildings, as well as psychological aspects of well-being such as the absence of stress and good relations with the humans with whom they are in contact. These considerations constitute part of the professional pride and ethic of farmers. Depending upon the type of production, they additionally insist on relative freedom of movement, access to fields and outdoor grazing areas. For organic production, respecting natural conditions and cycles is also important. Overall, farmers stress the importance of observing their animals and their performance, in order to judge the level of welfare on their farms. They also wish for more recognition of their professional knowledge of and engagement with animal welfare and often feel blamed and stigmatized. In addition, they realize that consumers have concerns about farm animal welfare which need to be met in order to keep their licence to produce. Overall, farmers demonstrate considerable readiness to accept more stringent animal welfare measure as long as they allow them to remain in business. For this, the readiness of retailers to share raised production costs by paying a higher price to farmers are perceived as being of the utmost importance. Many farmers worry that retailers may not be ready to do so in their ambition to maximize their own profits. They also fear being outmanoeuvred by producers from outside the European Union who are not obliged to follow European animal welfare legislation or scheme specifications. They generally accept the need for more stringent regulation but feel unfairly treated when non-European producers get easy access to the same market without having to comply with the same regulations. It is on this point that farmers expect more support from their governments.

Notwithstanding these commonalities, the interviews with farmers also demonstrate systematic variations in views and concerns related to differences between husbandry sectors, production systems, assurance schemes, and countries.

4.3.1 Differences between Sectors: Management and Regulation

The case studies took place in the following sectors: pigs (breeding and fattening), cows sector (dairy, beef and veal) and chickens (egg and meat). How animals are kept and treated differs a lot across these sectors and sub-sectors. The same is true for production regulations such as those specified by national and European laws or private certification schemes. It is therefore not surprising that farmers engaged in different sectors and subsectors differ also in their attitude and behaviour towards animal welfare.

Generally speaking, the more intensive production sections are also the more regulated by legislation and private standards. Farmers engaged in these (sub)sectors, such as for chickens, pigs and calves killed for veal, are more aware of the fact that animal welfare is an important issue that needs to be taken seriously at farm level. Compared to farmers keeping dairy and suckling cows, they have more elaborate ideas about what animal welfare is, are more aware of regulations and the existence of assurance schemes and, on average, are more interested in participating in assurance schemes. In part this may be explained by the fact that farmers in these (sub)sectors have experienced tightening regulations and increasing public debate. It is also in these sectors that societal concerns about food safety, farm animal welfare, and demands for more transparency, traceability and quality checks have resulted in a growing number of assurance schemes. Most of the farmers in these (sub)sectors say that they have no choice but to enter assurance schemes in order to get market access.

But the differences between (sub)sectors are not only related to differences in regulation. They are also to do with management structures, influencing the ways in which animals are kept on farms and the levels of contact between animal and farmer. To give an example: Dairy farmers encounter animals closely during milking every day, while bull-fattening farmers keep at a distance for their own safety. The type of production and housing system also determines how many animals a farmer cares for, and for how long an animal is actually present at the farm. Dairy cows, for instance, stay in the same farm for several years whereas a veal calf is sold within weeks. Generally speaking, farmers are more concerned about the welfare of those animals who stay at their farm for longer periods and when caring for them involves regular close contact. At the same time, farmers tend to defend their own system, underlining its advantages in terms of animal welfare. Farmers who, for instance, keep their hens in cages often point out that the hens are well protected from pain and injuries in contrast with hens which are kept outdoors.

4.3.2 Basic and Top Quality Schemes versus Animal Welfare and Organic Schemes

Differences of opinion are also found among farmers in the various types of QASs. Again, we find that farmers tend to defend or advocate their own practices and experiences. The

distinctions we find according to farmers' involvement in assurance schemes can be summarised as follows.

- Most *basic (farm) QASs* focus on food safety, product quality and traceability. They may or may not contain an animal welfare component regulating animal welfare in accordance with European or national legislation.
- *Top (farm) QASs* do contain an animal welfare module, but generally focus on food safety, product quality and traceability. The animal welfare standards defined go beyond European or national legislation.
- *Specific animal welfare schemes* claim to guarantee significant improvements in farm animal welfare. Generally the animal welfare standards defined go well beyond European or national legislation.
- *Organic schemes* follow the basic organic philosophy for farming. Animal welfare is included in this philosophy but the focus of organic farming is broader, also including concerns with environmental protection, health, food safety and quality. Their animal welfare standards go well beyond European or national legislation.

Most notable is the difference between farmers in specific animal welfare and organic schemes on the one hand and farmers engaged in no, basic and top quality schemes on the other. The two groups differ with regard to their definition of animal welfare, their readiness to accept more stringent animal welfare regulations, and their belief in the possibility to market animal welfare by way of labelling 'animal friendly' products.

Most farmers engaged in no, basic or top quality assessment schemes define animal welfare primarily in terms of *animal's health and zoo-technical performance*. Animals fare well in their view when their biological needs are sufficiently met and sickness, pain and injuries, as well as stress, are prevented or minimised. When animal welfare is assured in these terms, animals are healthy and they grow satisfactorily from the perspective of the farmer. Taking good care of the animals' welfare therefore makes sense economically and is part and parcel of being a good and successful farmer.

Farmers engaged in specific animal welfare or organic schemes consider the *animal's opportunity for expressing natural behaviour* as crucial for her or his welfare, in addition to ensuring physical health and the fulfilment of basic biological needs. Taking care of the animals' welfare is important for them as part of their personal ethics and professional philosophy, but also for economic reasons.

Generally speaking, farmers in specific animal welfare and organic schemes are more *ready to accept and implement more stringent animal welfare regulations* than farmers participating in no, basic and top QASs. This is partly related to their different definition of animal welfare and partly related to the specifications of their schemes. Several farmers in animal welfare/organic schemes have already implemented the measures proposed as part of Welfare Quality®. In contrast, some of the newly proposed measures do not resonate with the definition of animal welfare understood by farmers in basic and top QASs (e.g. the introduction of straw beddings might put animal's health at risk by reducing hygiene and sanitation). It is important to understand that hesitation to integrate new measures

does not necessarily imply that animal welfare is not important to farmers, but that the specific measure might conflict with farmers' own definitions of animal welfare and their ideas about good farming practices.

Many farmers feel under pressure, economically as well as socially. They are expected to comply with more stringent regulations and to produce in a more 'animal-friendly' way. But in their view nobody wants to share in the extra costs this implies. Many farmers distrust the processing and retail industries and doubt if their engagement in animal welfare is really more than window-dressing. Farmers in basic and top quality schemes have little faith in *consumers' willingness to pay* and worry about consumers' lack of knowledge of what constitutes animal welfare and production quality. Farmers who participate in specific animal welfare and organic schemes have higher expectations of consumers, stimulated by their success in entering specific niche markets.

Underneath the different attitudes of the two groups of farmers towards animal welfare issues lies a more fundamental difference in farming style or production logic. The majority of the first group of farmers produces for the conventional market where the price is low and profit depends on selling large quantities of meat and on cost reduction. In this context a good farmer is an efficient farmer and animal welfare is primarily defined in terms of animal health and zoo-technical performance makes economic sense. When the objective of agriculture is more broadly defined and includes issues like care for nature and the environment, such as in organic schemes, the definition of good farming and good animal welfare will concomitantly change as well. In this context 'naturalness' and natural behaviour are considered more valuable. Specific animal welfare schemes and organic farming provide a context where such behaviour is stimulated and rewarded by a premium price that compensates for the higher costs involved. Farmers in no, basic and top QASs are on the contrary obliged to increase production in order to make up for the costs resulting from more stringent animal welfare regulations. They often have to make investments that in their view add nothing to animal welfare and do not increase the economic value of their products. The markets where their products are sold are generally not ready to reward their engagement with premium prices.

As will be demonstrated in Chapter 5, there are major national differences in the size and organization animal farming. Political differences prove to be important as well. The different organization and regulation of farmed animal welfare, either by way of the market or by way of the state, influences the frame of reference of farmers, their attitudes and perceptions and ultimately their perceived behavioural opportunities and choices. Generally speaking, Norwegian and Swedish farmers are opposed to the idea of improving animal welfare by way of QASs or labelling, as they did not agree with the idea of market differentiation. Regulating farm animal welfare by way of the market offers some farmers the opportunity for commercial distinction. For Dutch and UK farmers, this was perceived to be the most 'logical' way to move forward, although they worried about the profitability of such a niche market. They feared that the tightening of legislation would render it even more difficult to compete with increasing non-European production. French and Italian farmers are interested in 'animal-friendly' production when linked to the notion and marketing of high quality products.

The opportunity to sell products and to cope with foreign competition depends, among other factors, on the openness of the national market and the level of competition between domestic and imported products. All farmers considered it unfair if they had to follow stringent regulations but needed to compete with others who could produce more cheaply under lighter regulations. Therefore farmers across countries stressed the need for equal regulation.

5

A COMPARATIVE PERSPECTIVE ON FARM ANIMAL WELFARE IMPROVEMENT

Dealing with welfare problems is not only a matter of opinions and explicit strategies of various actors. Varying opinions are, to a large degree, associated with the diversity of experiences, interests and specific institutional contexts that we find across countries, regions, different species and sectors of animal production. There are common tendencies, but there are also important variations that need to be recognised. Identifying such contexts may not only help to interpret the diversity of opinions, they are also important for understanding how specific efforts for welfare improvement emerge and how they are – and can be – put into practice.

This chapter will bring up variations that are found in mobilisation for better welfare and the various kinds of regulatory efforts and commercial strategies. It will also discuss some major differences in the structure of animal production, differences with major impacts of the formulation and implementation of improvement strategies.

Each set of national teams (which had responsibility for studying consumers, distribution systems, and farmers, respectively) have made joint analyses at the country level. These analyses were meant to identify dominant ways of handling farm animal welfare in the respective countries by highlighting major constellations and relevant actors; influential forms of action; discourses (conflicts, problem definitions, etc.); and concerns and expectations among key actors. After an initial discussion, each national group of teams have organised workshops with stakeholders. On the basis of results from the various studies and the discussion with stakeholders, they have each produced a document. The following sections are not 'summaries of summaries', but will instead employ this knowledge to characterise the variability of discourses and institutional structures along key dimensions.

5.1 MOBILISING FOR FARM ANIMAL WELFARE

One major question in terms of public and consumer commitment to the improvement of farm animal welfare is the extent to which this is seen as a problem that society needs to address and, if it is seen as a social problem, what kind of problem it is. Who is mobilising, in which ways, and for what purposes?

5.1.1 Varying Civic Engagement

The political and public framing of farm animal welfare is highly varied across the seven countries. In some countries, like in the Netherlands and the UK, we find animal welfare as an established issue on the political agenda. The Dutch political debate about farm animal welfare has been initiated mainly by NGOs. With the recent entry of the Party for Animals in the Parliament (22 November 2006), a new and very powerful force entered the arena. The Party for Animals has considerable backup among citizen as proved by the fact that they won 2 seats in parliament (2/150) when first standing for elections. At the moment the Party for Animals may be considered as the leading actor, accompanied by ongoing projects and activities by NGO's. Civic engagement has resulted in changes in laws and regulations but has also influenced market practises. One example is the ban on battery eggs: since 2004 no battery cage eggs are sold in Dutch supermarkets. Some retailers and multinationals have decided to use only free-range eggs in their manufactured products.

In the UK, societal discourse on animal welfare and market initiatives seem to coexist more consensually. While there is much public debate around the welfare of farm animals, attention has to a large degree been directed towards efforts made in the marketplace. Emphasis is put on the development of national assurance schemes, a term which covers and includes farm assurance, i.e. on-farm practices, and quality assurance, i.e. supply chain and farm assurance guaranteed practices. Interestingly, it is the media and NGOs that have been most effective in engaging retailers in dialogue over farm animal welfare standards, and pushing an agenda for change. These stakeholders often have very different concerns than the farming community.

In Italy, environmental protection, social equity, animal welfare emerged on the agenda during the 1990s and especially from the beginning of 2000. Due to well known food scandals, the general concern regarding food supply has increased. It is within this context that animal welfare issues were brought for the first time into the public debate. The debate resulted in more attention about food safety and healthiness and more awareness about farming practices and animal welfare issues. Specific to Italy, however, a significant part of the debate and the mobilisation on animal welfare issues is connected to animal

protectionist associations. Their underpinning philosophy is linked to animal rights, to ethical, social and political issues, and to vegetarianism and veganism. The debate is strongly associated with the Internet. Besides, these associations act directly on the territory by petitions and by several initiatives. Some groups (especially environmental associations, but also 'humanitarian' organizations and consumers' associations) promote an ethical, critical, informed and healthy model of consumption. For these associations, animal welfare means a needed improvement of conditions for animals on the farms, which forms an essential requisite to improve the quality of food and, hence, to protect the health of the consumers. Linked to the relatively strong focus on animal rights, quite a few also regard eating less meat as a protest against intensive farming.

In several countries, however, animal welfare has not really reached the public agenda as a social problem. With the exception of those committed actors within the animal welfare movement, animal welfare does not emerge as a major concern amongst French citizens. There is, nevertheless, a gradual shift in French attitudes and a growing awareness of welfare issues, prompted partly by the emergence of animal welfare organisations, by the recent food scares, but also by a dramatic growth of quality labelling, including organic, and the inclusion of welfare conditions within quality production criteria. The food crises of the 1990s and early twenty-first Century have also had a major impact upon marketing and commercial strategies. A great deal of information is now available to consumers on the feed given to farm animals, on the length of life (particularly for poultry, far less so for beef cattle).

According to the population survey, Swedes value animal welfare the highest (together with the Hungarians), but are not as worried as many other countries. Generally, a majority thinks that animals are treated quite well in Sweden. As long as the food is of Swedish origin people tend to believe that animal welfare is taken care of. In a way, Sweden is perceived as the animal paradise. This means that the Swedes value animal welfare but don't see the point of doing more than is already done - in Sweden. Still, attention appears to have increased in recent years and that the question of animal welfare and, in particular, animal rights has become an everyday and justifiable issue. Even on the formal political agenda, in the Parliament, government and political parties, animal welfare concerns have become an issue. A number of non-governmental organisations in Sweden focus on animal welfare, animal rights, and/or the protection of animals, some of them with a considerable number of members.

Even less concern is found in Norway. There is widespread consensus that Norwegian farm animals have a far better life than animals bred in other countries. In particular, the protection of small-scale production and farmers' standard of living is regarded as important strategies for assuring good animal welfare. Good farmer welfare (supported by the state) is seen as important for promoting animal welfare and animal welfare problems are often presented as a matter of social tragedies among farmers. Like in Sweden, there is a widespread understanding of Norway as 'best in the class', first of all due to public regulations, which are mostly regarded as 'good enough'. Organisations bringing up issues of animal welfare and animal rights give relatively little attention towards the welfare of farm animals. Moreover, as publicly initiated efforts are seen to be

most efficient, NGOs have, on issues related to farm animals, directed their efforts mainly towards public decision-making processes, rather than mass mobilisation and shopping strategies.

Animal welfare is not a commonly used term in Hungary. Concerns for animal welfare among Hungarian actors and their interpretations assigned to the definition of animal welfare are highly variable. Whereas government agents seem to define animal welfare in terms of compliance with EU animal welfare directives, the Fauna Society, a non-profit organisation, affiliated to the World Society for the Protection of Animals (WSPA), first of all highlight animal cruelty. A common argument is that Hungarians' worries over economic uncertainty and low purchasing power does not leave much space for other types of concerns, such as animal welfare. Ordinary Hungarians expect farmers, transporters and slaughterhouses to take on responsibility. They do not assume personal responsibility for animal welfare and are pessimistic that they can influence change. They expect state protection through the use of regulation but are disillusioned by poor enforcement of the law, believing that greater enforcement of current animal welfare regulations rather than further regulation is needed.

Mobilisation and attention on the public and political agendas is crucial when it comes to mobilising people as consumers, i.e. political or ethical consumerism. Pan European opinion surveys indicate general interest in farm animal welfare, but we see that public and political attention and collective mobilisation addressing the welfare of farm animals are highly variable. While it is an established issue on the agenda in the Netherlands and the UK, emerging even in Italy and Sweden, there are less public concerns in France, Hungary and Norway – for a variety of reasons.

5.1.2 Animal Welfare and Food Quality

Seeing animal welfare as an element of improving food quality represents a different approach to animal welfare. The focus is primarily on food products rather than on the problems of rearing animals as such. In France, quality products (for the most part those that are thought of as having a superior taste) are widely assumed to result from production processes that exhibit higher levels of welfare. A second link is often made between healthy products and increased levels of welfare. If a product is judged as good for people, there is frequently an assumption that the processes of production have been, in relative terms, good for the animal. Although most retail actors consider consumer anxieties rarely to be driven by concern for animal welfare per se, there is a perceived association between healthy (and 'happy') animals and a healthy product that all manufacturers now seek to develop. This association is used most directly by the milk and egg sectors, both characterized by the fact that the animals are not slaughtered in the production process.

Associations between welfare and food quality are present even in Italy, but it is less consensual. Few people are influenced by animal welfare considerations when shopping

for food and a majority is sceptical that the individual consumer can really play an important role through his/her shopping choices. The low amount of information available is seen as leading to limited consciousness on the real importance of animal welfare. Still, some see market based activism as an option; by choosing food produced with techniques that comply with certain production standards (free range eggs; organic products), and boycotting products below certain standards.

When prompted, welfare was framed in similar ways Hungary, good animal welfare practices being associated with food quality which, in turn, was considered an important influencing factor on human health. There is a probable conflict between citizens' preference for small-scale farming units (two out of three consumers believe small scale farming guarantees good animal welfare practices) and the current structural changes in farming which sees farm size increasing. Moreover, it is difficult to reconcile the inevitable increase in farming costs resulting from the upgrading of production systems to meet with animal welfare expectations and the demand for low priced food. All the main actors in the food sector agree that Hungarian consumers are generally price sensitive, a feature that can be traced back to changes in real incomes among Hungarians over the last decade.

The association between farm animal welfare and product quality can be found in the other four countries as well. But, as indicated in the more detailed description of market based initiatives in Section 5.3, it is less evident as a mobilising factor for animal welfare, pushed by consumers and citizen groups.

5.1.3 The Role of Trust and Distrust

The overall levels of trust and the significance of consumer distrust is quite variable. But the patterns we observe in terms of which actors tend to be trusted and which tend not to be trusted are quite similar across the seven countries. Overall, 'independent' actors like experts and (some) NGOs are most trusted to tell the truth, followed by public authorities and the media. Market actors, along with politicians, as considerably less trusted. In that way, trust is associated with the roles that various actors take as well as their performance.

The British and Dutch, to some degree even French, respondents are the ones with actual experiences of handling animal welfare issues to any significant extent as buyers of food. Their responses to questions on trust reflect the general distinctions between roles and arenas. But trust seems more conditional upon the performance of specific actors. French respondents are generally quite sceptical towards institutional actors and tend to trust butchers rather than supermarkets. The British have more confidence in supermarket retailers. The British respondents' trust in NGO's is, however, much more conditional and distinctive, probably indicating that there are several, highly visible organisations with distinct profiles that people tend to like or dislike. In spite of strong politicisation, the Dutch place very high trust in public authorities as well as other powerful institutional

actors. We will later see how this may be associated with a more collaborative style of policy-making.

Where concrete experiences are more rare, trust becomes more of a principal issue. In Hungary, market transparency is a major issue. A welfare label might help, but this support is conditional on an effective and rigorous system of enforcement. Consumers want this assurance mark to ideally include not just welfare assurances but a range of information on product provenance and information on the farm from where the animal was produced. Trust is even more important in Italy. Indications of responsibility depend on the trust consumers have in the involved actors. With general distrust in private organisations, emphasis is on public responsibilities. Consumers trust especially regional control institutions and all those experts that already operate in the breeding system, such as veterinarians or technicians belonging to local health agencies or technical offices. Likewise, information on animal welfare should be promoted by reliable public bodies through targeted and widespread campaigns. Some participants propose joint action by public and private actors, whilst others prefer to add independent structures (not governmental, e.g. consumers' associations) in order to increase citizens' trust.

Scandinavian countries represent societies characterized by high levels of trust, first of all in governmental institutions. Like in the other countries, strategies for animal welfare communicated to consumers, labelling schemes and brands might need some sort of independent authority as represented by consumer organisations or public food authorities. The overruling question is: is there a need for more? Ordinary people tend to trust that public legislation and enforcement guarantee that the living conditions of farm animals are satisfactory: 'if things had been bad, we would not find the products in the shops'. Trust in the existing system means that few see the need for action in terms of collective mobilisation or changes in shopping habits. This may also be the reason why the most important information to be included on the labels according to consumers is country of origin.

5.2 REGULATING ANIMAL WELFARE

While some legislation on animal welfare is harmonised in Europe, the role of public authorities in animal welfare regulation is highly variable and changing. (At least) three different positions can be identified; a politicised, but also market oriented approach, a universal, protective approach, and a more fragmented, uncoordinated approach.

Until 2002, the Dutch government could be considered as one of the forerunners with regard to farm animal welfare in Europe. Between 2002 and 2007, however, government policy was to remain within the range of European regulation of farm animal welfare and improvements should be realised through the market. The government adopted a

stimulating and facilitating rather than a legislating role. Some (especially left wing) political parties continued to pay attention to the issue of animal welfare within the context of agricultural policy. Eventually, as a result of the ongoing pressure from the Party for Animals, the government changed strategy and decided to give more attention to improving animal welfare. The Ministry of Agriculture, Nature and Food developed a new animal welfare policy in 2007 and earmarked considerable funds for research and development in this area. They also adopted a more active role towards the farming sector, sometimes in conjunction with the retailing sector. The recent politicization of animal welfare has resulted in a new and forceful mobilization, for example on the castration of piglets. The neo-liberal approach of regulating animal welfare by way of the market is still the dominant and preferred approach among the government, retailers and manufacturers, and the main farm union. But given the new political climate politicians (including the government) as well as retailers and manufacturers are forced to demonstrate their moral engagement and readiness for change. As a result, (farm) animal welfare is again a very prominent issue on the political agenda, which most probably will result in new changes in practice as well as regulation. It is important to notice, however, that citizens tend to look to the government for raised minimum animal welfare standards whereas producers look to the government for the establishment of a level playing field on international markets. Retailers are also positive about governmental regulation of farm animal welfare, since it ensures a level playing field.

The UK government passed their first animal protection legislation, the Cruelty Towards Animals Act, as early as 1850. Along with other EU member states it incorporated the 1968 General Welfare Directive into national legislation. It also set up the Farm Animal Welfare Council, an independent advisory body, with a remit to keep under review the welfare of farm animals on agricultural land, at market, in transit, and at the place of slaughter and to advise government on any legislative or other changes that may be necessary. The UK has, in the past, 'gold plated' EU directives incorporating stricter interpretations. For example, in implementing the 1991 Pig Welfare Directive, UK decided to ban sow stalls and tethers with an eight-year phase out of existing systems. However, the UK government has, in recent years, been less willing to go down this route. The Department for Fisheries and Agriculture (DEFRA) publishes Agricultural Codes of Practice. These evolved from the Council of Europe's recommendations on the keeping of livestock, as well as incorporating UK specific recommendations. The codes relate to what the law says and what is expected in order to comply with these laws. In 1990, the UK passed the Food Safety Act, which put in place the legal requirement for retailers to ensure the safety of the products they sell (the so-called 'due diligence' principle). This had the effect that retailers had to move to manage risk and ensure integrity of quality along all their supply chains. This led to the development of (numerous) Quality Assurance Schemes with farm animal welfare components. These now range from industry-wide QA schemes which cover the majority of production in UK (the welfare component follows UK Codes of Practice), to stand alone welfare QA scheme (Freedom Food), to organic schemes. To some degree, product logos communicate these schemes to the consumer. This is seen as a means for product quality and improving consumer confidence. The British approach is therefore combining legal and marked based initiatives.

Different from this politicised and market oriented approach, more universalistic types of policies are found in Scandinavia. Ratified in 1935, the Norwegian Animal Protection Act was, comparatively speaking, quite early. Since then, legislation has been updated and extended several times and the regulations are now harmonised with EU directives. Norwegian legislation is in several respects stricter. But according to animal protection organizations these improvements do not always imply a significant amelioration of animals' living conditions. In the case of hens, for instance, the Norwegian cages are only a few centimetres wider than the minimum standard demanded by EU regulation. There are few initiatives to surpass the legal standards, but their implementation is to a large degree based on collaboration with the meat industry and farmers' organisations, especially with regard to educational initiatives. A similar position of the State is found in Sweden where public authorities take a leading position when it comes to handling the welfare of farm animals. Issues that are currently being discussed in the European Union about animal welfare-improvements have often already been discussed in Sweden. The general view is that European harmonisation should not mean that the Swedish standard has to be lowered. It is argued that regulations have to become more flexible to cope with different climates, ecological and country specific conditions. The main legislation is the Animal Protection Act of 1988 which has been updated several times. Like in Norway, cooperation is well established between producer branch organisations, agricultural organisations, and authorities, focussing on improving animal welfare standards in Swedish agriculture without primarily using sanctions and punishment.

Not all countries have coordinated and active policies on farm animal welfare. For example, the place of animal welfare within the Hungarian regulatory system in Hungary refers primarily to EU directives (which allow an exemption for the production of *foie gras* – for the French market). The ongoing restructuring of (big) farms and slaughterhouses entail the introduction of new management systems for implementing these directives, but focus seems to be directed mainly towards food hygiene and towards the big exporters. Public enforcement is organised along with local animal health inspections. It is not clear how much attention is being paid to welfare issues beyond those associated with health and there is considerable uncertainty as to the strictness of the enforcement.

As another example, the Italian system is, in general, seen as overloaded by legislation and rules. In many cases the actors involved find it complicated to fully implement the rules and, on the other side, for the public authorities to check the correct implementation. Farmers are tired of periodically implementing new rules increasing only (from their point of view) farm bureaucracy. For this reason, Italian institutions are quite slow to adopt new directives coming from the EU and are not proactive in proposing new legislation on animal welfare or other issues which are not directly required by the farmers. The federal system working on a regional basis may be (depending on the political orientation) more in favour of promoting some specific policies on animal welfare. The result can be that one region is setting more strict welfare standards and inspection systems than a neighbour region, causing additional confusion among producers and distrust among consumers. Inspections of animal welfare at farm level are carried out at two main levels, by public authorities and by private certification bodies.

The French state system is generally much more centralised. But animal welfare issues are not promoted as an active, coordinated policy and the legislative aims are mainly to implement EU directives. This has been transcribed in a national decree, including specific European laws for the pig, hens and veal sectors.

5.3 MARKET-BASED INITIATIVES

The number and variety of market based initiatives are considerable. Several countries have a range of schemes and labels, some being part of segmentation strategies while others are not. But there are also countries where schemes and labels are less significant, generally as well as in the case of animal welfare. Moreover, there is no direct association between the introduction of assurance schemes and product labelling. As already noticed in earlier sections, many schemes that include animal welfare issues do not result in specific labels.

For many French retailers, welfare is considered part of a broader ethic of concern for the environment and sustainability. The association is made – albeit rarely explicitly – between good welfare and more sustainable forms of food production. It is important to note that such a conception of sustainability also places a strong emphasis upon the economic sustainability of the means of production. For a number of retailers, the welfare of the farmers is as important, if not explicitly more important, than the welfare of the animals in their care. But for the majority of retailers, welfare needs to be bundled as a component of general product quality (a key element of which is gustative quality). This imparts an element of choice on the part of the retailer as to what components of quality should be made explicit and what components implicit. The conceptualisation of animal welfare, and its integration (or not) into strategies of product commercialization, varies enormously according to type of product. That having been said it is equally apparent that, *first*, animal welfare is increasingly being taken on board as a necessary component of retailer (and manufacturer) quality branding (whether or not this is communicated to the consumer in the label) and that this increasingly involves going above minimum statutory requirements. *Second*, there is, partly as a result of this but also as a result of the marketing strategies of manufacturers, more products coming from improved welfare-friendly processes than is visible on any form of labelling or packaging. At first view, it is apparent that this gradual integration of welfare into the commercialization of animal-based products is a straightforward commercial strategy. As a commercial 'strategy', animal welfare is clearly not, by itself, a viable reason for product segmentation. However, welfare is becoming increasingly adopted (and thereby increasingly necessary) as a component in a broader reconfiguration of notions of quality; this both in response to perceived consumer concerns but also as part of retailers' own commitment to 'quality' and the 'environmental' and other more overtly 'ethical' practices.

We also see a variety of schemes and labels addressing animal welfare in the UK, but the background and context are very different and the situation is far less complex compared to France. British assurance schemes have been integral to retailer-led structural changes to the meat/dairy/egg supply chains, in which many of the competencies between slaughter and packing have been incorporated into single firms. Each retailer usually has only 2–3 'key' suppliers (sometimes only one), which source meat according to retailers' specifications. The three major retailers with a combined market share of over 60%, source all their fresh meat, dairy and egg products from quality assured suppliers and producers. Reflecting this, producers primarily see assurance schemes as guaranteeing market access. Retailers use the schemes in two interlinked ways – to protect their brand by ensuring integrity of their products and communicating this to consumers, and differentiating product ranges. The four main assurance schemes in UK are Assured Food Standards (AFS) (an umbrella industry standard for the species specific schemes), Freedom Food (welfare specific assurance scheme from RSPCA), the Soil Association organic standard, and the Organic Farmers and Growers standard. They have developed different roles in the market. AFS is now industry standard: it guarantees market access rather than secures a market premium. Retailers generally use the AFS logo (a red tractor against a British flag) on all products that meet the standards. Organic standards and logos are used to differentiate organic ranges and have been very successful in securing a market premium. This is reflected by producers' motivations for working with organic standards, which include added premiums. Freedom Food has occupied a position between the Organic and the Industry standard. Retailers, pioneered by Waitrose and Marks and Spencer, have started looking beyond 'generic' assurance schemes to more 'bespoke' production systems (especially for 'added value' tiers) which reflect their brand, and its ethical integrity. In order to sell animal products, British retailers do, in some circumstances, use welfare claims on packaging. This information is not there to 'educate' but to sell and, therefore, often appeals to consumers' 'fuzzy' notions of farm animal welfare, in promoting a 'naturalistic' picture of animal farming which coincides with wider notions of quality: tradition, taste, environmental concerns etc. Retailers are keen to use their brand as shorthand for a whole host of ethical considerations, backed up by detailed information on websites, audits by NGOs, CSR reports etc. This of course allows them a certain flexibility in terms of defining farm animal welfare. They are wary of generic standards and prefer to have the ability to differentiate products, and thus their particular brand, using animal welfare as one of the criteria in a range of quality attributes. They also recognise the difficulty in conveying to consumers the detail of welfare improvements.

Until the entrance of the Party for Animals the Dutch government and farmers' organizations were both in favour of organising farm animal welfare improvements through the market. Among retailers this was also a favoured strategy, since it allowed them to create niche markets for products with higher animal welfare standards and the possibility to gain more profits. Market actions still play a significant role and several Dutch initiatives are based on cooperation between farmers, NGO's, the ministry and retailers. Some of them are quite established, such as the free-range production schemes for pig, beef and chicken meat that were initiated around 1985 by animal protection NGO's, the consumer association, and the Ministry of Agriculture and initially hosted by the PVE (the Product Boards of Livestock, Meat and Eggs). Another scheme is 'Agro-

Milieukeur' which initially focused on environmentally friendly production. Recently also boar-meat from un-castrated pigs is produced and sold under this label. Other recent initiatives taken by the animal protection board in cooperation with retailers and the farmers' union concern the design of animal friendly housing system (comfort stable) for pigs and, recently, laying hens and the development of a new, slow-growing chicken breed that was introduced in several supermarkets under the label of Volwaerd chicken. They are now working on a similar product for pork.

In contrast to these three countries with a diversity of schemes and labels, market and competitive issues are less evident for animal welfare in other four countries. Modern distribution in Italy is highly concerned with consumer opinions; being particularly focused on food quality and safety rather than strictly ethical values such as animal welfare issues. The retailers claim that the importance of animal welfare has not yet been perceived by the consumer; in other words, the quality concept sells more than the ethical component of animal welfare. 50 per cent of meats are sold by traditional butchers and in these outlets there is a stronger emphasis on the organoleptic quality of animal products rather than branding or explicit labels. The aspects of animal welfare considered to be of importance are those which have direct impact on the performance level of the final product, for example diet and absence of discomfort, or from another side, aspects of animal welfare which respond to national and European legislation. In addition to the assumed lack of demand, retailers also claim that the needed checks and inspections are not always carried out. Production is extremely fragmented and it is not always possible to choose the 'best' farms in terms of animal welfare. Some retailers do offer a range of animal welfare friendly products (Natura Sì, Esselunga, Coop, Conad), others offer a few (Despar, Proda, Sigma, Standa, GS-Carrefour), while still other retailers do not sell animal welfare friendly products (Lidl). No retailer has a label dedicated only to animal welfare. Own labels tend to concentrate on other issues, such as food safety, traceability, controlled supply chains, organic production, or typical regional products. At this stage, the limited number of welfare friendly products on the market are supplied and branded by the industry. In any case, animal welfare is not yet used as a strategic element, but it is starting to appear alongside hygiene and health standards, taste and smell characteristics of the product. The possibility for farmers to join specific animal welfare production schemes is linked to the possibility to maintain or to improve farm incomes, provided that consumers are ready to pay a better price to compensate the additional effort of producers.

'Safe and sound, not harming animals' is the way Swedish suppliers describe animal welfare – and safe and sound harmonise with governmental regulations. Because of this, suppliers don't find any competitive advantage in introducing private labels referring to animal welfare. The animal welfare segment is too small. It is not even perceived as an independent concept that can be used in order to build and gain competitive advantages. Even if the consumer does want to know, they do not want to pay. Many industry representatives believe that consumers do not want detailed information about animal production when buying food. Marketing strategies dissociating meat from live animals represent a way of meeting such tendencies. Programmes including animal welfare criteria, though not specifically on animal welfare, have been created and run by Swedish producers' organisations (e.g. Swedish Meats, Swedish Milk, Swedish Poultry). A variety

of quality assurance schemes for cattle, pigs and poultry cover animal welfare components, addressing animal health, hygiene, technical standards for buildings and facilities, but also aspects of cropping, forestry and environment. There are specific organic schemes, but many organic producers participate also in schemes in which even conventional producers participate. The farmers have a limited choice between schemes to specify the standard of production quality, but there is no realistic option *not* to join a scheme – few farmers do this. Assurance companies, slaughterhouses, dairies, egg suppliers, and processing companies often demand participation in certain schemes as a precondition for buying their animals or products. To some degree, Swedish retailers have started using assurance schemes. COOP is using KRAV (the organic certifier) to certify eggs and ICA is using free range eggs for their own-label products. But with the exception of organic schemes and Svensk Fågel (a broiler production scheme) there are no schemes for producers that involve product labels for consumers. Retailers work with consumer labels of their own, also regional ones, but the correspondence between producer schemes and consumer labels is not obvious.

Norway is characterised by, relatively speaking, little emphasis on assurance schemes and, for those that do exist, many represent public-private initiatives. The most widespread scheme is 'the quality system for agriculture' (KSL), introduced in 1993 upon the initiative of agricultural authorities, together with farmers' organizations and the farmer owned cooperative maufacturers. Even if it is voluntary, very few farmers do not participate in this scheme (and receive a – publicly regulated – premium). KSL does not enhance specific ameliorative welfare practices, as the scheme at this regard refers to public regulation, but does have a role in guiding the overall implementation of standards via a quality assurance system. Norwegian producers are not enthusiastic about differentiating schemes. Product claims of high animal welfare are seen as equal to communicating that the rest is produced with lower standards. Instead, a uniform and high quality production is regarded as preferable. Organic production is certified by Debio, a privately owned agency working by authority delegated by the Ministry of Agriculture and the National Food Authority. Unlike KSL, the Debio standard has resulted in a product label, the Ø-label. To some extent, Debio has stricter regulations with respect to animal welfare, but this was not actively marketed until a campaign launched in 2006 ('pampered food'). There are particular industry initiatives, mainly in the form of educational programmes. An example is the Plan of Action for Animal Welfare of 2001 by the organisation for pig producers, Norsvin. An animal protection group (Dyrebeskyttelsen) acted as an advisor in the shaping of this training programme. Explicit use of animal welfare in marketing is uncommon, but there are some exceptions. The egg supplier Norgården used the slogan 'we take animal welfare seriously' on the packaging of their eggs. This producer was the first to introduce organic eggs and eggs from free range systems to the market. Norgården is now bought by the cooperative processing giant Gilde-Prior. Another example is 'Grøstad Gris', probably the producer using animal welfare most actively as a communication strategy with consumers.

The overall supply of welfare labelled food products is very limited in Hungary. However, a number of production schemes can be identified which, explicitly or implicitly, address animal welfare issues. In addition to organic production, there are some small-scale local

schemes in place for, for example, barn eggs. There are some broader schemes and labels that many associate with good production and high quality. The trademark Quality Food from Hungary is based on guarantees that ISO standard for environment oriented management is attained and is based on an integrated quality management system. These guarantees do no include animal welfare today, but might do so in the future. The low significance of animal welfare schemes and labels should be understood within the context of a food market with a low proportion of pre-packaged and labelled products sold in supermarkets. The general focus in food production is on safety and efficiency and adherence to legal standards. The Hungarian multiples have not been generally supportive of welfare friendly products mainly because of associated high prices and poor promotional support by suppliers. The multiples are not in principle against welfare friendly products and do carry limited ranges of both implicit and explicit welfare friendly products but until the demand grows for these products the multiples will not engage in actively promoting these products.

5.4 MARKET STRUCTURES AND INTERRELATIONS

When trying to understand the dynamic of welfare initiatives in the market, it is important to recognise structural variations across not only countries and regions, but even between production sectors. Many differences between countries can actually be explained by differences between (sub)sectors and production systems, but market organization and governance of animal welfare also matters. A general feature in several countries is a clear dualism between, on the one hand, large-scale, industrialised production units and, on the other hand, small farms with less intensive forms of production. Vertical integration is increasing, but considerable parts of the agricultural provisioning chains are characterised by fragmented structures, more so in some countries than in others.

In France, this is first of all reflected in differences between sectors, between the beef, dairy, pig and poultry husbandry sectors. Beef farms are numerous in France (over 200 000 full time farms) yet the average herd size is relatively modest (around 40 animals). The vast majority are pasture based (thereby managing 20 million hectares of grassland). The farming systems are themselves highly diverse and are found all over the country. Veal farms (6,000 farms), pig farms (16 000) and poultry farms (16 000) are less numerous yet are often large scale operations. They are often associated with medium sized beef farms. Producers are generally well supported and the modes of production are fairly homogeneous.

After a period of major restructuring, including the privatisation of collectives and state owned farms, the Hungarian agricultural sector is still a dual and highly fragmented one. On the one hand, there is a large number of very small farms, on the other a few very large farms (0.5% of the farms owning more than 50% of the land). Ownership to these large

farms is dominated by large private owners and agricultural enterprises, while retailers are only allowed as part owners. The agricultural sector is also vertically fragmented, but a process of transformation is taking place towards more integration of production, slaughtering and processing. Major restructuring in the slaughter and processing sectors has seen this sector concentrating on measures to improve cost efficiency and compliance with EU regulations. The sector's interest and concern for animal welfare is mainly informed by cost competitiveness so that it can compete both in domestic and international markets. The huge numbers of small farms give input to a significant, partially informal, provisioning system for food, as represented by supply to local markets and small shops as well as own production and informal exchange. The significance of own production has been markedly reduced over the last decade, but 32–72% of sales for various animal-based products are still made through these alternative routes. Overall, pigs represent the most important sector, followed by poultry. This is reflected in considerable exports as well as in the composition of the national diet. For Hungarians, chicken and egg production is associated mainly with small-scale, traditional production. Cattle, both dairy and beef, play a less significant role and beef is produced mainly for exports.

After the 1950s, most of the Italian population has moved from rural to urban areas, gradually loosing the rural culture previously widespread over the country. This demographic shift influenced also livestock production, with a strong structural transformation taking place over the last few decades. Italy is now a net importer of cattle products (live animals, meat and milk) and pig products (piglets and pork meat). Similar to Hungary, the result is a clear dualism in animal production from specialised intensive farms who earn most of their income from this activity, on the one hand, and those who keep animals mostly for self consumption in backyards or in small plots, on the other. This is clear in all sectors of animal production. In pig production, among the 124 000 farms recorded by the national institute of statistics, only 2,900 farms breed more than 500 pigs, in the case of poultry, among the 780 000 'farms' only 3,600 breed more than 500 birds. The situation is similar in the cattle sector but less extreme given the specificity of this production. The consequence of this production system is that a very small number of intensive large farms supply the mass market, while most of the other products serve local self provisioning. The huge discrepancy in number between the two production systems allows common citizens, when crossing the countryside, to come across many 'traditional' systems (small herds, flocks in the back yard, free range). This seems to lead many into believing that most of the animal production in Italy is still carried out in this way, rather than in large intensive units. This general understanding is strongly supported by commercials showing mainly the 'traditional' way of keeping the animals, thus promoting a fake image of products which are in reality not going to be sold in the shops. The intensive animal production systems are largely unknown to most of the population.

A dualism between small and large scale production is less evident in the rest of the countries. The United Kingdom and The Netherlands are proponents of a more neo-liberal style of governance, where public issues are increasingly addressed by way of the market. As a result, farm animal welfare schemes are more prominent. Legislation has been tightened in recent years, especially in the UK as a result of Foot and Mouth Disease (FMD) and Bovine Spongiform Encephalopathy (BSE). UK farmers especially are under

pressure as a result of export restrictions, but still have to compete with large amounts of imported meat, from the Netherlands among other sources.

A substantial part of Dutch animal products are sold on foreign markets. This implies that a price premium to cover additional costs to a large extent depends on a willingness-to-pay by foreign food companies, retailers and consumers. It is the concern for animal welfare among foreign – and not Dutch – consumers that counts most for export-driven animal production chains. This may support engagement in animal friendly production as for example in the case of the 'good welfare scheme', set up for selling bacon in the UK. Dutch producers are bound to Dutch regulation and legislation as the baseline of behaviour. At the moment this legislation is not forerunning European legislation but it is of course in comparison with some non-European countries. Many Dutch farmers who produce for conventional, global markets worry about their position on the world market in case of a tightening of animal welfare legislation and call for a level playing field on the European or even global market. Farmers who produce for alternative markets, be it organic, high quality or animal welfare specific, are less worried about competition. They expect an increasing demand for their products among consumers who look for high quality products as well as for ethically engaged producers.

Sweden and Norway provide a specific context as farm animal welfare is strictly regulated by law and only a few schemes exist. Agricultural production is relatively low and oriented mainly towards the domestic market. The levels of export and import of animal products are low compared to the other countries. In Sweden, the cattle sector, in which dairy farming dominates, is larger than the pig and poultry sector. Compared to the other sectors, more small-scale production is found. Unlike the pig and poultry farming, for cattle production there is a legal demand to keep the animals outdoor moving on pastures during the summer period (2–4 months, depending on the climatic regions). But beef producers are less often participating in schemes with animal welfare components than pig and poultry producers, where modernisation, rationalisation and concentration have gone further. Provisioning is dominated by national farmers' cooperatives organising slaughtering and processing, which are therefore also highly concentrated. However, after Sweden joined the European Union in 1995, this system has been challenged by (cheaper) imports of animal products. The current focus on Swedish origin should therefore be understood with this competition as a backdrop. Swedish food retailing is dominated by three major organisations who together control around 95% of the market. The retailers can be characterised as reactive rather than proactive and have long seen themselves as sellers of suppliers' branded products. However, their market power does give them some leverage over suppliers and this has increased since Sweden joined EU and retailers are acting more strategically. Price competition is strong, but hard discounting is met also with more emphasis on branding strategies.

Compared to other European countries, Norwegian farming is characterised by small units, usually family run. This is due to political aims of maintaining rural communities throughout the country, sustained by strong public protection of the agricultural industry. Structural changes have taken place in Norwegian husbandry over the last 30 years, but due to regulation of, among other things, farm size, these changes have been less

pronounced than in many other countries. The food system is characterised by high concentration at the level of processing. Farmer owned cooperatives for milk, meat and poultry/eggs effectively control the markets for these products. Recently, this was enhanced even more, with a merging of the meat and poultry cooperatives, which now holds more than 50% of the retail market for pork and beef (and 70% for slaughtering). Their market share for eggs is 78 %. Regarding dairy products, Tine has a similarly strong position, with 93% of the fresh milk market. The industry is strongly oriented towards standardised production at the level of primary production and processing, strengthened also by the logistic structure. There is a tendency now to differentiate somewhat along 'vertical', gustatory dimensions, but 'horizontal' dimensions, ranking producers, is strongly resisted.

The differences between countries are most prominent when it comes to pig production and least in cattle and especially dairy production. There is a clear difference between very big (f.e. Netherlands) and very small producers (Norway) of pork and strong competition on the basis of price, back also by diverging regulation and, hence, production limitations. The situation is quite different when it comes to dairy production, as price and production are regulated by quota and competition is more limited. In addition, there is no specific animal welfare legislation at the EU level for dairy production, and so far also national regulations are not putting too much pressure on the production. The public is generally not concerned about animal welfare in dairy farming, although out-door grazing is recently becoming an issue. As a result there are hardly any animal welfare schemes present.

5.5 CHALLENGES AND PROSPECTS

From these descriptions it is evident that there are both common tendencies across Europe, as well as considerable variation. Some of this variation can be associated with different public agendas or 'national cultures'. However, importantly, this diversity of opinions and concerns can often be traced back to the specific political situation and institutional conditions in which they emerge.

France, Hungary, Italy, the Netherlands, and the UK are all proponents of a neo-liberal governance style where public issues are to a larger degree resolved by way of the market. But the background varies, with different national legislative levels, state-market relationships, and distribution structures; from highly centralised in the UK to fragmented in Hungary and Italy. Animal welfare schemes or quality product schemes (which include animal welfare) are more prominent where public interest in animal welfare as a food quality is high enough to expect sales of animal friendly products to be successful. This is the case in The Netherlands and the UK. It is only in countries where animal welfare is an important object of public debate, where we find an increasing number of assurance schemes pushing animal welfare as distinguishing aspect of production and political

consumption. The UK is special in having a high level of animal welfare legislation as well as quite a few quality assurance schemes which publicise their animal welfare component as well as a dedicated animal welfare scheme.

Where public concern for animal welfare is less, e.g. Italy, there is little pressure on the market to develop initiatives. Yet, even here select groups of farmers are working to higher welfare standards e.g. for retailer Coop Italia, or to produce typical quality products. The fragmented farming and retailing structure in Italy appears to make it harder to ensure conformity with minimum legal standards, since there is no need to be part of a scheme to gain market access as in other countries. Southern Europe has a long tradition of top quality production and there are numerous high quality production schemes and labels. Such labels tend to push gustative quality and not animal welfare.

Regulating animal welfare by way of the market offers some farmers the opportunity for distinction in the market. But this may also involve a lot of tension. For example, British producers distrust the influence of the retailers, whom they see as operating double standards; insisting on exacting standards in the UK but importing products of lower standards and not communicating this difference to consumers. This is on top of an existing situation in which farmers see their commercial viability being threatened by downward price pressures, whilst retailer margins increase. On the one hand, producers want a 'level playing field' in terms of standards with other EU countries. On the other hand, they want to reap some of the added value of higher welfare standards. This is being achieved in two areas: organic production and retailer-specific producer groups. These two 'added value' chains highlight two market approaches to higher welfare standards (importantly as part of wider quality attributes) that are growing. The approach to animal welfare issues is strongly influenced by the openness of the national market. Market strategies can be successful in improving farm animal welfare conditions in part of animal production, although their effect is limited within the context of globalised and liberalised markets and potential escapes from animal-friendly production and consumption by import and export.

The development of quality assurance schemes is often associated with advanced, large-scale, and intensive production systems and integrated supply chains. The current significance of scheme based animal welfare initiatives is linked to the variable role of such provisioning systems across countries and production sectors. Most top quality and animal welfare assurance schemes concern contested species and areas of production such as pork, broiler and veal.

In France, Hungary and Italy we find a strong dualism in animal production between large-scale intensive farming and small-scale, often more extensive, types of production. For example, the current Hungarian production system with small farming units for pigs and poultry, supplying consumers either directly or through local markets with animal products, is regarded as welfare friendly, wholesome and trustworthy. Introducing differentiating schemes and animal welfare labelling into this somewhat unregulated trading system may be problematic. It is difficult to believe that these producers or vendors would be motivated to comply with the undoubted extra bureaucracy involved in producing according to a

specified welfare standard. Consumers reconcile their animal welfare concerns with the belief that the products they are consuming are produced on small-scale farms which have good welfare practices. Shifting from local markets and direct sales to big supermarkets may require new types of formalised assurances that the products have reached an acceptable welfare friendly status.

There are distinctively different patterns of retailing across Europe. In some countries, like in the Scandinavian countries, a few discount supermarket chains dominate completely. In Southern and Eastern Europe, considerable proportions of the consumers shop for meat in butcher shops and food markets. In yet others, like in the United Kingdom and in the Netherlands, powerful supermarket chains offer a hugely differentiated assortment of quality as well as low-price goods. Finally, in countries like France and Germany, there is fierce competition between these different forms of distribution and retailing. Product labels are in most cases fit mainly for pre-packaged products. Meat and meat product that are sold fresh, over the counter, means that product information is generally communicated personally instead of written and codified. On the other hand, market shares are growing for discount supermarkets competing on price, offering a more limited selection of goods and with less emphasis on quality differentiation.

A challenge in market based strategies seems to be lack of public control and the thin line between consumer information and marketing. Product information is a highly strategic issue and people are aware of that. Market initiatives can only be successful when consumers trust the information that is given, the foundations of which depending on which issues are emphasised, forms of communication, and reputation. The experience with organic products has shown that people trust organic producers because they believe that they are driven by ethical and not purely commercial motives. But trustworthiness will often require effective checks and independent control systems, especially if questions are being asked and trust has to be argued more actively.

Animal welfare is not merely a matter of marketing and market regulation. Parallel to, partly in communication with, market based initiatives we see tendencies of mobilisation and higher significance of animal welfare in political arenas. For example, animal welfare becoming a highly politicised issue in the Netherlands means that no politicians, prominent retailer and manufacturer can afford not to be interested and engaged in animal welfare. Rather than being interpreted as the end of the neo-liberal market approach, the politicization may re-activate not only public, but even private regulations. For example, in the case of piglet castration the government and the retail/manufacture sector formed a coalition pressuring farmers to adopt new practises. There might be space for more coalition-building in this new context. There are already some signs that this is indeed taking place, as for example in the development of the Volwaerd chicken.

When animal welfare is regulated by the state and by way of strict animal welfare regulations all farmers have to comply and the welfare of all animals will consequentially improve. Norway and Sweden provide a specific context as animal welfare is strictly regulated by law and only few animal welfare schemes exist. And with only few exceptions, schemes are not reflected in differentiating product labels. Animal welfare has

become somewhat more politicised. But this politicisation is not to any large extent associated with mobilisation against poor treatment. There is overwhelming support to the view that farm animals are treated well (enough) and better than in other countries and animal welfare emerges primarily as an issue legitimising current practices and structures based on a protectionist policy. There is a long-standing discussion on the regulation of animal welfare, with a strong component of governmental regulation, monitoring and control, combined with schemes including animal welfare criteria that are issued by the producer branch organisations. Yet, attention is emerging regarding alternatives to mainstream production, like organic food, food from particular regions, farmers' markets, etc., which all experience growing demand. Although animal welfare is not the main driver for these initiatives, a description of better living conditions often accompanies these products. Still, animal welfare is predominantly dealt with according to traditional ways of policymaking and problem solving, with back-stage public-private cooperation and consensus based initiatives. There is a tacit understanding that animal welfare should be conceived as a basic and common undertaking for the entire national meat industry and problems should be solved as joint efforts by all involved parties. This is supported by animal welfare organisations, tending to state that animal welfare is primarily a public responsibility that should not be left to market mechanisms.

However, raising minimum standards is an issue not only in Scandinavia, but represents a primary concern across Europe. We find that legislation in no way has played out its role. The introduction and harmonisation of legislative welfare standards seems to represent a major way in which welfare conditions are improved today, especially in places and countries which start out with low standards. Moreover, minimum standards, often publicly enforced, seem to represent an important way of obtaining 'level playing fields' for export oriented industries. But universal standards may also be obtained by private efforts or public-private partnerships. Initiatives may for example be taken collaboratively by producer networks or organisations to increase the general level of welfare, via educational efforts and/or the introduction and enforcement of certain minimum standards, in many cases including NGO involvement.

There are quite strong, but also diverse, opinions about the appropriate division of responsibilities. This is related to historically contingent, normative expectations about who should – and who can – take on such responsibilities. This is more than a just question about state or market. Not only may the character of public intervention vary, from a position as guarantor of universal welfare in the Nordic countries – in part aiming at counteracting unacceptable effects of market based distribution, via neo-liberal conceptions of a more 'hands-off' regulatory state aiming at supporting market processes in countries like the United Kingdom and the Netherlands, to scepticism towards state intervention and, in particular, central government in countries like Italy. There are also different profiles of state intervention in food issues, from a rather *productivistic* orientation in France and Norway to a more *consumerist* emphasis in the UK. Hungary is evidently in a transitional phase, with strong bureaucratic traditions, as reflected even in public opinions, combined with aims of privatisation and commercialisation.

Responsibilities also differ among supply side actors. Retailer led initiatives introducing welfare assurance and labelling schemes are found in several of the big countries, but they are only of some significance in the UK, where retailer power and integration are most accentuated, supported by legislation on 'due diligence'. Instead, in France and Italy in particular, animal welfare is first of all being associated with producer led schemes with an encompassing concept of taste and quality of various regions. In Scandinavia, the concentrated processing industry, cooperatively owned by farmers, takes a leading position, not so much focussing on differentiating schemes, but rather on 'behind the scene' initiatives, like farmer education.

Generally, it is impossible to point out one type of actor as the responsible one. Of major importance, however is that there is some clarity about the division of responsibilities and also that there is a certain degree of consensus about this among various actors, including people as citizens and consumers.

Consumers' experiences and expectations are shaped by what the market offers them, which in turn is influenced by the interests of farmers, industry, and food retailers. For most ordinary people across Europe, better welfare is being associated with local, small-scale and alternative production systems. It is generally with these types of references that people are interested in animal welfare and also take action as consumers; by buying animal products of domestic origin, meat from production sectors considered less intensive (like lamb or beef), making purchases from special shops and supply chains, or buying products with labels directly or indirectly indicating animal friendliness (organic, highly quality, fro ma special region, etc.). The situation is far from stable and indeed attention towards farm animal welfare is increasing in various ways, particularly as reflected in a growth of attention towards labelling initiatives to improve animal welfare. Yet it is clear that most of the retailer and/or producer led initiatives end up being publicised as a label only on a select few or none of the products from the animals produced to higher standards. Consumers' choice is therefore limited when it comes to animal friendliness and, if there is a choice, transparency and reliable information is very often questionable. Both the consumer and producer surveys highlight the call for more information on farm animal welfare to be available to the consumer. Citizen calls for more information range from better education (government responsibility with input from stakeholders), which include more detailed information and debate on what constitutes animal welfare (a clear role of the Welfare Quality® project) and more public scrutiny and publicity of existing animal welfare standards.

6

IDENTIFYING DIFFERENT APPROACHES IN MODES OF GOVERNANCE

6.1 REGULATING ANIMAL WELFARE – DIFFERENT MODELS

We have described processes of retailer and manufacturer led innovation along the food chain and how they are variably framed within different national regulatory contexts and local public discourses. We have investigated drivers for change in the governance of farm animal welfare, including political and legal arenas, market driven processes, as well as civil society engagement and the involvement of ordinary people as citizens and consumers. In that way we can discuss the impacts of top-down initiatives by the state and powerful market actors as compared to push 'from below', from consumers, politicization and social mobilisation.

Public regulation of farm animal welfare emerged from older national legislation on animal health and animal protection. This type of legislation has to some degree been harmonised in the European Union. But unlike for example food safety, no strong agencies have been developed at the European level and there is considerable resistance against further expansion of legislative efforts. We have analysed the framing and handling of these problems in view of heterogeneous and partly country specific provisioning and governance structures. Significant changes are taking place in the European food sector, involving new technologies and logistics, new power relations, new regulatory structures, and new expectations from citizens and consumers. At the moment, farm animal welfare appears to be a very open issue, a vessel being 'filled' with meaning and institutional structures, involving a large multiplicity of actors and approaches.

A significant feature is that people, in their capacity as consumers, tend to be attributed more responsibility and agency in the form of a conscientious 'consumer choice'. At the same time, the selection of product options from which people can make choices is supplied by actors who are, for the consumer, increasingly distant and abstract, as represented by a brand or a label. To trust that their choices make a difference, consumers depend on reliable and accountable organisational and regulatory structures. Some reforms are driven by commercial motives. But attention and push from a number of animal welfare organisations is a significant force, as part of political and ethical consumerism. These

processes seem to be strongly influenced by civic society traditions and consumer roles, both highly variable across countries. The situation is quite dynamic, as demonstrated by the recent politicisation of farm animal welfare in the Netherlands.

Looking across countries, actors and animal species, we find distinctly different ways in which farm animal welfare problems are understood and dealt with. One major dimension is related to variable state-market relationships; whether the State is taking on major responsibility for animal welfare via legislation and other measures, being primarily supportive to market based initiatives, or not being very active at all. In the same vein, market actors may be reluctant to take any initiatives, they may do so via generic standards, or they may go for market differentiating strategies. These differentiating strategies develop within conventional production systems as well as alternative systems, most importantly the organic sector. While the European food market is increasingly dominated by large supermarket retailers, we have seen that their power and integration down-stream in the food chain is highly variable, affecting also their involvement in animal welfare issues. Likewise, producers and manufacturers may operate mainly via contract production for retailers or as powerful independent actors, some serving local or domestic markets, others primarily export markets. This makes their interests associated with animal welfare highly diverse. While export oriented actors are often concerned about maintaining a level playing field, local and domestic actors may see animal welfare as a way of increasing their legitimacy and/or domestic competitive advantages. Therefore, the relations along the food chain, from the farmer to the retailer and the end consumer are highly variable and they are regulated in diverse ways.

Another dimension concerns how animal welfare is defined and how it relates to and becomes an aspect of food. While most people across Europe sympathise with the idea of treating farm animals well, the degrees and forms of problematisation and politicisation are highly variable. It may seem, though, as if the mobilisation that we have seen of recent years in some countries is associated with initiatives referring to food production as much as with stricter state regulation of the treatment of animals. Farm animal welfare has increasingly become associated with food quality and consumers' selective buying and eating of food. While welfare in some cases is framed as an ethical and political issue, a dimension external to food and eating as such, it is in other cases framed as an integral element of 'good food', with emphasis on gustative and health qualities. While these two ways of framing animal welfare are not mutually exclusive, their respective significance and dynamic in the market and in consumer mobilisation may be quite different.

If we combine these two dimensions, one on the interrelationship between the state and the market in the case of farm animal welfare, the other one on how animal welfare is defined – as a social problem or as part of food quality, a few basically different ways of approaching animal welfare may be identified. We will characterise these as the *welfare state* model, the *terroir* model, and the *supermarket* model. These approaches or models imply different distribution of responsibilities and expectations, including also different consumer roles. We use these approaches as ways of contrasting different governance modes. The models are *not* synonymous with national differences. But, as the models are characterised by the specific ways in which institutional structures and discourses are

configured, we will instead explore how the three approaches dominate or compete within particular national, regional and sector specific settings.

Turning first to what is characterised as the *terroir model*, this is a situation in which animal welfare is being handled as part of a food quality package. The concept of quality will here encompass not only gustatory and culinary qualities, but even the social context in which the food (meat) is being produced and distributed. The spatial aspect is dominant; food quality is territorially bounded and experienced. Food quality is defined according to local provenance, best caught in the French idea of 'terroir'– a notion of a way of rural life involving traditional, even personal human-human and human-animal relationships (Amilien, 2005). This is promoted by local networks of producers and distribution via butchers or in open food markets. In real life, however, traditional networks and familiarity based interrelations are increasingly being replaced by formalisation and codification. The State, supermarket chains, and producer organisations back quality notions by means of labelling programmes protecting the authenticity of provenance and the property rights to product names, recipes and production processes. The State thereby also supports a particularized notion of animal welfare regulation where good welfare is associated with conditions on relatively small farms with dedicated farmers. While this may sound lovely in terms promoting better welfare in combination with enjoying meals and good food, the countries mostly associated with this model are today experiencing a lot of tensions, popular distrust, and widespread worries related to quality and provenance (Kjærnes and Lavik, 2007; Kjærnes et al., 2007). Trust is often founded on the familiarity with local networks, accompanied by (or being a reflection of) quite widespread distrust in institutional actors. Yet, while anything pointing towards transparency and improvements seems to be welcome in Italy, the French may seem to be more sceptical when it comes to animal welfare. Perhaps animal welfare demands are seen as threats to the (French) way of eating – a national pride. Consumer and citizen activism are not clearly distinguished, often appearing as joint efforts of support to local and/or high quality products.

The second type, the *welfare state model* is very different from this. Welfare is to be secured for everyone via state involvement. This is typical for Scandinavian social democratic politics, but the approach is not unique to these countries. Universalism is a key value - stressing equality of opportunities as well as outcomes. Demand for state action is the default response to new social problems, including an issue like farm animal welfare. Due to strong market concentration in food processing and retailing within protected markets, supply is characterised by mass-produced, generic, standardised foods. Unlike conditions backing the *terroir model*, food items are largely sold as pre-packaged goods through supermarkets mainly competing on price. A relatively restricted number of well-known brands ensure predictability and safety along the supply chain. Animal welfare is mostly absent from marketing and labelling, generally being seen as unsuited for commercial competition. This view is often argued on moral premises; as market differentiation inevitably will produce a ranking of farms where some farm animals are treated well, others less well. If market actors – such as manufacturers – do something, it is most likely in the form of joint efforts and mostly behind the scene (Bock et al., 2005). Animal welfare NGOs direct their attention towards these arenas, often by participating in corporative types of bodies and events in which standards are discussed, rather than by

working hard to get public attention and mobilising for consumer activism. There is neither reason nor opportunities for people to react in the capacity as consumers. Consumer choice is generally not a vehicle for implementing animal welfare policies and may even appear morally reprehensible. People are mostly confident that public institutions can and will make sure that problems are solved and few expect initiatives from market actors.

A third approach, the *supermarket model*, is most developed in countries like Great Britain and the Netherlands, but emerging even in other countries. Commercialization is the key value, where differentiating initiatives by large companies, especially big supermarket chains, are regarded as the main strategy to attain animal friendliness. Supermarkets dominate food retailing even in the welfare state model, but they take on a very different and far more active role here. Through up-stream supply chain integration and global sourcing, supermarkets have gained strong control of producers. Thereby retailers' responsibilities as well as their capabilities to ensure predictability and accountability in large and complex supply chains are highlighted. Multiple assurance programmes document the quality of often highly processed foods and dishes according to a range of de-territorialized standards. Such standards may be expanded relatively easily to include animal welfare, provided that satisfactory measures and monitoring schemes are provided. The codification means that a more precise meaning of a 'welfare friendly' purchase may develop. The extra 'quality attribute' is included in large-scale product differentiation and consumer segmentation strategies. Ethical issues, as represented by farm animal welfare, are also used to promote the reputation of the supplier or retailer, perhaps as parts of wider Corporate Social Responsibility schemes. Consumers learn to adjust to and utilise this kind of differentiated supply by individually and collectively making claims linking consumption to a wide range of social problems. Connected to that, trust and distrust become more important – and more conditional. The characteristics and qualities of food are signalled via labels (and the documentation behind the label), much less via provenance or personal communication. The State is quite active by producing minimum standards as well as supporting such initiatives, acting 'at a distance' – encouraging an ascending competition on quality and a differentiated notion of quality and animal welfare. It is within countries where this model has a strong position that we find animal welfare issues to have been most heavily politicised. In the Netherlands this is even reflected in a political party for animal rights. Consumer activism is referring to differentiated supply combined with active mobilisation through NGOs and civic society.

It must be emphasised that while this presentation is based on empirical studies, these 'models' are presented as ideal types. They will seldom fit as perfect or exhaustive descriptions of the situation within one country or region, where different types of structures and strategies may compete and where there may be tensions between different sections of the market and between consumer expectations, state policies, and market strategies.

6.2 CONSUMER INVOLVEMENT AND INFORMATION

European policies have focused strongly on how consumers can help to improve farm animal welfare through their purchasing choices. This has been backed up by pan-European surveys indicating widespread popular interest and also indications that people might want to change their shopping habits towards more animal friendly products – provided that there is availability of trustworthy alternatives. This has contributed to make information through the food chain has become a key issue in current policies for improving farm animal welfare in Europe. In this regard, the social scientific studies in SP1 have demonstrated some themes of general importance. In this section, we will explore these conditions for information on animal welfare through the food chain, from animal farming to the final users, i.e. eaters of food, through the variable forms that this information may take.

Food provisioning is generally a strongly regulated area and animal welfare is no exception to that. From the traditional division of tasks and responsibilities, with a competitive market and the state as a legislator, we see the emergence of numerous mixed state-market as well as commercially founded solutions. Market based initiatives bring up a number of specific conditions with regard to organisation and as well as questions of legitimacy and trust. Very broadly speaking, three types of market based regulation may be distinguished; voluntary market initiatives based on public standards and audits, non-competitive/non-state market-driven governance systems (Bernstein and Cashore, 2007), and initiatives associated with companies' and industries' competitive strategies.

Voluntary schemes with state involvement are familiar in the food sector. The legitimacy is here strongly linked to the publicly approved standard, combined with an independent and transparent audit system. The legitimacy and trustworthiness of the actors, expectations towards ideologically committed farmers, combined with the involvement of independent actors, especially the state, seems to play an important role in producing expectations and beliefs about how these systems produce better animal welfare – in spite of non-specific standards in this regard.

We also see numerous references to animal welfare as part of marketing and segmentation strategies, where the employment of specific standards and control mechanisms vary. While this is generally categorised more as marketing with opportunistic use of welfare issues than the introduction of certified standards, such initiatives may have some success, depending on the credibility of the supplier or retailer and on the framing of the initiative, for example as part of a high-quality product. On the other hand, such commercial initiatives may also contribute to confusion and complexity, making it harder for people to find out about reliable standards. There are very limited initiatives to make 'animal welfare' the core message of the products, the most notable example is the British 'Freedom Food' scheme promoted by RSPCA (Royal Society for the Protection against Cruelty to Animals).

Concrete information on the general standard of animal rearing may accompany the animal from the farm, through slaughter and processing, and be reflected as *single issue and documented product labels*. The consumer, the buyer of food, can choose between animal products from farming with different (assured) standards of welfare (as reflected also in price differentiation). This is a rare exception today. Quite a few product labels do, however, make reference to animal welfare. Two forms dominate, often in combination. First, labelling schemes often *bundle animal welfare with other issues* and product characteristics, such as organic production, place of origin, and food quality and taste (Buller and Cesar, 2007). Second, in many cases only *certain aspects of animal welfare* are emphasised, such as animal care during transport, access to outdoor space, or type of feeding. The selection of aspects is generally based on marketing considerations and rarely builds on specified standards and assurance schemes. This emphasises the strong malleability of what good welfare is in expectations as well as in communication and information.

We also find that existing schemes for improving animal welfare are often *not* reflected in differentiating product labels. Two points are important. First, schemes for improved welfare may be included in retailers' general strategy for building legitimacy and trustworthiness, to be *subsumed in their private labels* or as part of their corporate social responsibility programme. In that way, information is communicated to consumers and the public, but this does not take place linked to specific products or at the point of purchase. Consumers' choice will be between retailer chains and not between products. Second, product differentiation based on animal welfare standards is not deemed commercially viable for all species and products. In most cases, animal friendly product labels emerge *only on the more pricey cuts from the animal*. Even when there are single issue product labels linked to specific assurance schemes, a considerable proportion of the meat from this production will not be labelled as such. Moreover, welfare standards in for example dairy farming are very rarely communicated to consumers unless it is bundled with much broader issues such as organic farming. Dairy farming does not directly involve the problematic stage of slaughter, there is virtually no perception of the links between dairy farming and veal production, and there has been very little attention towards how dairy farming meets welfare standards. The key question here is therefore about the *species*.

Many people associate bad welfare with mass production involving intensive, industrial farming and corporate power. From the perspective of consumers, therefore, indications of 'alternative' forms of production and distribution is often taken to signify better welfare conditions. A major type here is organic production, which in some cases use specific welfare standards, but not always. Organic farming may be communicated via *organic product labels*. Yet, 'alternative' production (including organics) may also be represented in less formalised forms, where communication is based on *direct relations between producers and consumers*. In these cases, judgements refer to familiarity and personal contact, more than specific standards of animal welfare. These types of relations may play a major role when it comes to taking action as consumers.

With less integration along the chain and perhaps also more fragmented structures, information from the farm to the end user may become considerably more problematic, equally also communication from the end user to the farmer. We can see more focus on local networks, authenticity and provenance as a way to bridge this.

This rather patchy market based information forms a major source of information about farm animal welfare conditions. Market transparency is generally quite limited when it comes to animal welfare. Even when there are specific efforts to improve welfare, documentation is either lacking or, even when it exists, rarely communicated to the end-consumer. Overall, information on animal welfare conditions reflecting current modern practices, helping people to distinguish between the good and the bad, is very scarce, in some places nearly nonexistent. As an alternative source of information, people are often referred to specific, single issue information from animal welfare organisations. In a few cases, market actors and NGOs collaborate.

It is important here to emphasise that ordinary people distinguish strongly between different sources of information, based on roles, expectations and experiences. Even though many are aware that authorities, the media and non-governmental organisations may have their own motivations for bringing up an issue, such sources of information are overall more trusted than commercial organisations of any kind. Yet, more impartial information is asked for. This does not mean that information from producers and retailers is not being used, but it is judged with the knowledge or expectation that such actors' commercial motives.

Farm animal welfare seems to be an issue receiving growing interest in European public discourse and in the general public and many would like to know more. This is repeatedly reflected in public opinion surveys and qualitative interviews across Europe. But we must be careful not to interpret this as expressions of commitment or obligation with regard to specific consumer actions, such as buying products labelled as welfare friendly. Single-issue, assured labels are very scarce and people have therefore very little experience in that regard. Quite a few take action in other ways; via 'alternative' shopping as well as various forms of collective activism. These options are closer at hand and are perhaps also regarded as more efficient and trustworthy than choosing among supermarket labels.

7

ONGOING TRENDS AND POTENTIAL USES IN WELFARE QUALITY®

7.1 EUROPEAN STRATEGIES: A DISCUSSION ON SCENARIOS WITH STAKEHOLDERS

We have identified a variability of initiatives in Europe for improving the welfare of farm animals, involving different actors; NGOs, retailers, public institutions, farmers organisations, consumers' organisations, who act in different sites, such as the market, the media, the research institutions, the policy arenas, for improving the life of farm animals.[5] In this chapter we will present opinions expressed in discussions with stakeholders and Welfare Quality® animal and social scientists held in February 2007 in London.[6] The strategies for improving the welfare of farm animals in Europe identified in the previous stages of the research were summarised and presented to the stakeholders as ideal-types of possible initiatives. These types are also supported by reference to particular policy initiatives. The idea was to gauge the opinion of the experts on the possible synergies/ conflicts of the various strategies and their implications for the implementation of the Welfare Quality® tool.

The opinions expressed by the participants at the workshop are summarised with the intent to give an overview of the experts' opinions and the nature of their concerns rather than the level of consent or disagreement with the strategies themselves.

7.1.1 Strategy 1: Promote Radical Change in Animal Production and Human Diet

> In order to improve the welfare of farm animals in Europe we must radically change the nature of contemporary farming systems. We should reduce the total number of animals in production. Intensive production systems ruled by productivity should be replaced by systems in which animal welfare and

[5] A review of these initiatives in six study countries in Europe is presented in Welfare Quality Reports no. 1, by Roex and Miele (2005).

[6] See Appendix for list of participants to the workshops.

> environmental concerns are paramount. We should outlaw inherently low welfare systems (e.g. battery cages, tie stalls). We should promote a plant based diet (veganism and vegetarianism). The price of meat and animal products should increase dramatically to reflect their true costs. Meat should be seen as an occasional luxury rather than an everyday necessity.

This strategy was designed with reference to current discourses of animal rights and environmental NGOs that point to the unsustainability of intensive animal farming and call for a drastic reduction of consumption of meat and other animal products. These NGOs quote recent public reports on the contribution of intensive animal farming to global warming and earth environmental degradation to call for drastic reductions in the consumption of animal products:

> 'World meat production has quadrupled in the past 50 years and livestock now outnumber people by more than 3 to 1. In other words, the livestock population is expanding at a faster rate than the human population. A report commissioned by the United Nations Food and Agriculture Organisation (FAO), the US Agency for International Development (USAID) and the World Bank concluded that factory farming, "acts directly on land, water, air and biodiversity through the emission of animal waste, use of fossil fuels and substitution of animal genetic resources. In addition, it affects the global land base indirectly through its effect on the arable land needed to satisfy its feed concentrate requirements. Ammonia emissions from manure storage and application lead to localized acid rain and ailing forests"' (<http://www.vegansociety.com/environment>).

Similar conclusions are indicated in the Stern Report (2006) and in the International Assessment of Agriculture Science and Technology Development (World Bank, 2009) of the World Bank.

Reducing the consumption of meat and other animal products is in some cases disconnected from efforts to improve the quality of life of farm animals. This is for example reflected in the position of the Vegan associations in Europe that call for the abolition of animal farming, not for the improvement of quality of life of farm animals.

However, this strategy is often coupled with an effort to replace part of the consumption of animal products with animal friendly produced products, as proposed by some of the large animal welfare organisations, like Compassion in World Farming (CIWF). CIWF advocates a considerable reduction of the overall consumption of animal products and a change of consumer preferences towards products obtained from more extensive animal farming systems. The position of some of the largest NGOs in Europe is that a reduction in the overall demand of animal products would be required to make possible the transition towards more extensive/animal friendly systems of production. In their view, extensive systems of animal production offer better chances to achieve higher level of animal welfare.

The comments from the workshop participants centred upon the fact that more than a 'strategy' this is a 'scenario': an idea about how consumption of animal products will evolve in Europe. However, the likelihood of this scenario to become reality was highly contested. For some of the participants this is what is going to happen in the long term. Several participants pointed to the fact that environmental considerations and policies for reducing global warming probably will contribute to a strong reduction of animal farming in the future. Others pointed to both health concerns (obesity, cardio vascular diseases) and ethical considerations. Some NGOs affirms that in 50 years time eating animal flesh will be seen as ethically unacceptable, like slavery and other forms of domination have become ethically unacceptable in developed society.

However, other participants expressed the opposite view that there are trends towards greater diversification of the demand for foods, and what is more likely to happen is a more differentiated market for animal products, with the coexistence of an increasing demand (especially in those countries where per capita consumption is now low) and a possible decrease in those countries where the consumption of animal products is now high.

Certain stakeholders strongly contested the viewpoint that a reduced demand for animal products and a reduction in intensive animal production will create more opportunities for better animal welfare. They pointed to the fact that extensive systems are not necessarily delivering either higher welfare or environmental benefits in all circumstances, and that a decrease in the demand of meat and animal products will reduce the opportunities for developing animal friendly systems and for making these types of productions more competitive through economies of scale. A number of stakeholders pointed out that this strategy might be detrimental to current efforts for improving the welfare of farm animals because it would reduce the market opportunities for product differentiation that has played an important role in recent years (especially in the UK and in the Netherlands) in bringing about new and more friendly systems of production (Freedom Food, free range, organic among others). If animal welfare is a competitive issue, there will be more opportunities only in a growing market where there is a demand for variety, not in a shrinking market that potentially could be polarised (e.g, rich and ethically/environmentally concerned consumers opting for a plant based diet, less wealthy consumers left with no choice but cheap animal products).

Other stakeholders proposed that it is entirely possible to raise animal welfare levels *without* changing consumption patterns by allowing consumers to pay for higher welfare food. An increase in price would not necessarily change consumption patterns.

7.1.2 Strategy 2: European Legislation to Raise Minimum Welfare Standards

> In order to improve the welfare of farm animals in Europe we should introduce new legislation to raise the minimum permissible standards of production

> across all EU countries. Products imported from outside the EU would also have to meet these new standards. This would ensure improved welfare for all European animals and improved products for all European consumers. Alternatively, in the same vein but stopping short of outright legislation, the EU could mobilise financial mechanisms (incentives and taxes) to promote improvements in farm animal welfare.

This strategy was designed by looking at current discourses of animal welfare and environmental NGOs that point to the limitations of the current market mechanisms for improving the life of the majority of farm animals in Europe, such as product differentiation and market segmentation. These organisations express a concern for the limited share of the market, no more than 4% in Europe, of the animal-friendly products and fear that, even by increasing the transparency of the market with labelling and branding policies, the demand pull for animal friendly products will not improve the life of the majority of farm animals in Europe.

When presented with this strategy the participants pointed to two issues: on the one hand there was consensus about the need to raise legislative standards, as widely supported by the public and by animal welfare NGOs. On the other hand – and perhaps more importantly - there is the need to extend the range of legislation to cover those areas of practice that have no legislative standards. It was underlined that *base level legislation* should be more comprehensive and set at a higher level. If welfare levels are genuinely to improve, this becomes a sine qua non. Some argued that animal welfare is a public good and it should be invisible to society in that it should be simply 'taken care of' by legislation (this view resonate with some concerns encountered in the consumers investigation). Others maintained that even a weak law is better than no law in that it identifies the worst offenders and that priority should be given to extend the legislation to those areas of practice that so far have no 'minimum standard'. From the discussion however it clearly emerged that legislation as such is only one part of the regulatory tool box. To be effective, it needs to be accompanied by monitoring and enforcement, which has clear implications both for costs of production and for regulatory and enforcement agencies and structures.

Other issues that emerged were that legislation should not stop at the farm gate or in the abattoir. Supermarkets should be regulated much more closely in terms of their claims and their sourcing of non-welfare friendly animal products. Legislation should be as much about the product as about the procedures of production. Legislation, it was acknowledged, is a slow process and, in the current climate, would need to comply with WTO rules that so far have not exactly facilitated this particular avenue. A hybrid approach would be to embed legislation further within voluntary requirements such as those linked to the Single Farm Payment, where compliance would be driven by the need to conform in order to receive payments.

7.1.3 Strategy 3: Compulsory Product Labelling

> In order to improve the welfare of farm animals in Europe we should introduce a compulsory product label, which provides consumers with an indication of the welfare status of animal products (this would have similarities with the traffic light label, which is being introduced in the UK for nutrition. Crucially, products with low animal welfare would have to be labelled as such. This would greatly improve market transparency and enable consumers to make informed choices about all animal products. Imported goods would also be obliged to use the label.

Also this strategy originated from proposals made by NGOs and from the example of compulsory labelling of eggs. The general feeling was that this would *not* be an effective way forward for all animal products. There would be strong resistance to this strategy from a number of actors and some objective difficulties for the diversity and variation of farming systems in sectors that have not reached the level of standardisation of egg production.

Producers themselves would fear that practices further down the food chain (i.e. post-farm, such as transport and slaughter) could impact upon them in a possibly negative way. Moreover there was strong concern that retailers would refuse a scheme that would effectively designate certain products as 'animal unfriendly' readable as 'unethical'. Their rejection of the traffic light system in the UK for food ingredients is well known. Another important issue would be the complexity of dealing with imported animal products. Issues of verification, inspection, monitoring, and the cost of these, would make such a system untenable.

7.1.4 Strategy 4: Voluntary Product Labelling (Uniform Standard)

> In order to improve the welfare of farm animals in Europe we should introduce a voluntary product label that indicates welfare status. Producers/retailers etc. would not have to use the label on their products; however anyone wishing to make a welfare claim would be obliged to refer to a common European standard for assessing animal welfare. This has similarities with the organic model, where products labelled as 'organic' must comply with a set of common European standards.

This is a classic market-based strategy similar to the organic standard and its equivalents. It would imply no changes in regulation or other interventions. It is based on the assumption that from a basic legislative minimum standard of animal welfare, the market could 'take care of it' or improve standards – though it could only do so by making the issue visible.

Critically, this system would be absolutely dependent upon a standard assessment mechanism across the board (similar to organic), which was perceived to be difficult and problematic when we move into output based assessment (e.g. with a higher level of subjectivity than the 'environmental model'). The producers' associations tended to believe that a uniform standard would need to be resource based, otherwise it would be far too complicated.

7.1.5 Strategy 5: Voluntary Product Labelling (Multiple Standards)

> In order to improve the welfare of farm animals in Europe we should promote the use of variety of different voluntary product labels, each of which emphasise different aspects of animal welfare (e.g. organic, free-range, outdoor access, freedom food in UK, quality assurance schemes with a welfare component etc.). This is similar to the current situation in the UK and the Netherlands. This would allow members of the public to decide which aspects of animal welfare are important (e.g. animal health, animal feelings/emotions, animal's ability to express natural behaviours etc).

A note on labelling: If it was decided to support any of the labelling strategies detailed above, there would still be many issues to resolve. For example; Should we promote a separate welfare label or incorporate animal welfare into pre-existing schemes (e.g. organic)?; Should we adopt a tiered label (e.g. 1–5 stars) or a simple logo?; Should we have separate scores for slaughter, transport and rearing?; How much information should be provided on the label and on the supporting materials; And what should the criteria be behind the scheme (e.g. animal based or resource based or a mixture).

This is a strategy that basically proposes to maintain what we have now (e.g. a multitude of diverse initiatives, each of them addressing different and specific welfare problems). This strategy is largely adopted by retailers (especially in certain countries) and by the food manufacturing industry to differentiate products on the basis of welfare claims (ethical credentials).

There are several key issues here. The first one is whether or not these initiatives are actually delivering better welfare. Opinions varied between some of the animal scientists, who pointed to the many welfare problems associated with organic and free-range systems (e.g. predation, health), and NGOs representatives, who pointed to the better chances for higher welfare in these newly developed systems. Moreover, certain aspects of animal welfare are attractive to market segmentation and others are not. Hence, the nature of the feed or the length of life might be marketable 'commodities' but means of slaughter less so, outside the context of religious slaughter. For those aspects that are not marketable, one needs other forms of regulation.

The second issue was related to the efficacy of this strategy and concerns were expressed on the extent of market segmentation on the basis of welfare and actual long term validity of such a strategy. Among the participants there was a sense that while we have in the last few years seen 'animal welfare' explode as a contribution to segmentation and product development, in the most recent time there is a shift to a higher concern for sustainability of the food supply chains and for reducing CO_2 emission. If animal welfare in the future will not be perceived as a winning element for market differentiation by the supply chain actors, initiatives in this area might decrease sharply.

A number of specific points emerged regarding the efficacy of this strategy. On the positive side, this is all about non-price competition; it is not coercive (one retailer forcing another to lower prices) and is therefore attractive to certain retailers who prefer this route as an alternative to competition on price alone. There is clear evidence that many retailers are doing a lot more than they have to in terms of making higher welfare products available to consumers.

More critically, currently the information made available on products is always mediated by food chain actors that need to promote their products, the greater proliferation of labels might generate more confusion than choice for consumers who do not necessarily have asked for them. There is a need of tying this segmentation closer to consumer protection legislation in terms of what retailers and others supply chain actors can claim and what they cannot claim. Therefore voluntary labelling needs to be framed by a legislative base line. The issue of reference levels, base lines and assessment is fundamental for this strategy to actually improve the welfare of farm animals. There is also a need for public educational initiatives that can offer a less instrumental account of what animal welfare is and empower consumer to 'read' the labels and products.

Finally, significant differences exists between countries in both the overall number of initiatives and who develops these labels, the producers and producer groups (France), the supermarkets (UK) or both (Italy). These variations suggest that this strategy alone is not sufficient for addressing the improvement of animal welfare in the EU.

7.1.6 Strategy 6: Wider Social and Technological Investment

> In order to improve the welfare of farm animals in Europe we should invest in animal welfare education and science/technology. In other words, rather than attempting to improve animal welfare through direct intervention (via the state or market) we should attempt to foster ideologies and infrastructures that bring about this goal. For example, educating European citizens about animal welfare will enable them to contribute more effectively to the public debate about animal welfare and it will enable them to make more-informed consumer choices. Similarly, investing in science and technology will help us to improve

animal welfare (e.g. by improving our understanding of how to assess animal welfare and by establishing, and ameliorating, the causes of bad welfare).

This strategy was seen as highly relevant and complementary to the others for creating an 'animal farming literacy' that would enable the European citizens to participate more fully in the process of developing initiatives for improving the welfare of farm animals.

7.1.7 A Summary of How the Various Strategies May Contribute to Welfare Quality®

1. Promote radical change in animal production and human diet. For adopting this strategy Welfare Quality® would not be crucial. However, if 'animal friendly' was equated with extensive, free-range, organic and the like by the EU public, WQ should expand by developing more specific measures of welfare in extensive systems and should engage with issues of species specific 'natural living'.
2. European legislation to raise minimum welfare standards. Welfare Quality® could be adopted for defining the minimum welfare standard. It would, however, be important to redirect focus towards defining minimum thresholds rather than different levels of welfare.

3, 4, 5. Voluntary and compulsory labelling. Welfare Quality® would be crucial for adopting any labelling strategy and it could have a decisive role in defining the baseline requirements for making welfare claims.

6. Wider social and technological investment. Welfare Quality® assessment has a role as research tool, as support for farmers and as an educational tool for the broader public, communicating the four welfare principles and twelve criteria that have been identified and how they can be measured. It could be used for educational initiatives to promote an 'animal farming literacy' that would help to produce informed citizens who would then be able to participate more fully in establishing policies that would foster the welfare of farm animals. It could also help to produce more informed consumers, who would be able to interpret the various welfare claims on animal foods on the market.

7.2 IMPLICATIONS OF A EUROPEAN STANDARD FOR ANIMAL WELFARE

1. From the discussion above it seems to emerge that the WQ tool offers a great opportunity for contributing to several of the current strategies for improving the welfare of farm animals in Europe, both in changing the philosophy of the animal welfare legislation (from environment to outcome), in standardizing and

documenting the why in which 'welfare claims' are made on the market, and in promoting public education initiatives on the nature of contemporary animal farming and the risks for animal welfare.

2. The application of a European standard will have to consider the variable conditions across Europe. Producers, retailers, state regulation, and the general public are all significant for understanding the governance of animal welfare. But their interrelationships vary in systematic and important ways. Three models are identified, linked to regulatory policies and organization of the animal supply chains: the *(super)market model* (especially in the UK and the Netherlands), the *welfare state model* (especially in Norway and Sweden), and the *terroir model* (more in France and Italy). These models are influential on how supply chain actors as well as end consumers act and are expected to act. Market-based welfare standards are more developed in countries were the supermarket model dominates. Here standards are used for market differentiation trough labelling initiatives as well as branding strategies and corporate social responsibility policies. Animal welfare is visible on the market and a niche of 'ethical products' has been developed. In countries where the welfare state model dominates welfare standards are used mostly for public policies or private policies that consider animal welfare a non-competitive issue. Animal welfare is less visible in the market but is part of the general political agenda. Initiatives are more diffuse in countries where the terroir model dominates. Welfare standards are less developed and, when existing, they tend to be part of (localized) quality strategies of producer groups. The 'ethical market' is less developed and the welfare status of animal products is more opaque. A European standard is relevant within all of these models and types of interrelationships, but in somewhat different ways.
3. Current retailer strategies through products segmentation and specific retailers' policies for Corporate Social Responsibility, brand image, and retailers' positioning strategies. Using the WQ tool for creating a baseline standard for labelling initiatives may be more directly applicable where such retailer led differentiating strategies are already in place. It is possible to infer that the use of a WQ standard in assurance schemes would be unevenly adopted within the EU27, with cost of implementation being a key element.
4. Yet, while the significance of farm assurance and product quality assurance schemes are on the rise in Europe, that does generally not imply any marked increase in product labelling addressing animal welfare specifically. That means that for considerable proportions of animal production taking place with higher animal welfare standards, this is not communicated to consumers at the point of purchase.
5. An adoption of the WQ tool for market homogenization will involve branch coordination and or political intervention in the form of specific/ local arrangements for the implementation. This must therefore be accommodated to current modes of dealing with animal welfare. Various models of governance have their particular ways of developing public-private partnerships.
6. The use of the four principles and twelve 'criteria' and the assessment mechanisms comprising the Welfare Quality tool should not be seen solely in terms of evaluating conformity and regulating compliance within the context of formal assurance or regulatory procedures. The science and the practical experimentation of the welfare

assessment mechanisms developed in Welfare Quality should also be seen as a critical source of information for producers and food chain actors wishing to identify on-farm welfare requirements, validate existing welfare practices and, where appropriate, improve the welfare of farm animals and through it, the viability and sustainability of farm enterprises. Research conducted under SP1.3 revealed clearly the nature and extent of producers' concern for the welfare of the animals in their care and the desire, amongst many, to see their own commitments to, and engagement with, welfare acknowledged. In this respect therefore, the results of the Welfare Quality project, in particular the technical research concerning welfare practices, should be made widely available to producers and food chain actors, both independently and through established farm-sector feedback channels.

7. A standardised assessment tool might be highly valuable with this context by helping to improve transparency and accountability – and thus consumer trust. These effects will depend strongly on how the standard is enforced and sanctioned.
8. Active consumers are generally also critical consumers. While the tool as such is far too technical for ordinary people, this documentation and reference is crucial for building up legitimacy of 'welfare friendly' products and production systems and thus improving the foundation for more consumer engagement. Some sort of communication with animal welfare NGOs is important in the development and implementation of the standard.
9. Other interventions (other policies) are required to support and legitimate a WQ standard: public intervention on education about the life of animals on farms and the organisation of the animal supply chains to increase citizens 'literacy' (not only information and awareness). Public intervention in this area is very limited and the only initiatives are led by the NGOs (but often are limited in scope and are very radical). The other sources of information are in the market, where the message about animal welfare is in fraught with other considerations, such as quality, safety, taste, image, environment, and small farm size, and it is not clear that sometimes they do not necessarily deliver animal welfare as well.

8

SUMMARY

8.1 ANIMAL WELFARE SCHEMES AND LEGISLATION

The farmers interviewed in this research represent different production sectors, production systems but also different national contexts which differ in size and organisation of the poultry sector.

France, Italy and the Netherlands are big laying hen producers producing also for the export market; Norway and Sweden are producing nearly exclusively for the national market. The UK is in a position in between with producing a moderate amount of eggs, partly also for export. In all producers have to compete with imported eggs and egg products. When it comes to broiler production France and Italy are again among the 'bigger producers'. But especially the UK and the Netherlands produce a lot of poultry meat (products); all of them export their products whereas Norway and Sweden produce again mainly for the national market. Norway is special as it has a rather protected national market which neither exports nor imports a lot of poultry, be it eggs or meat.

At the moment only laying hen producers are confronted with specific animal welfare regulation at EU level. France, Italy and the Netherlands follow EU regulation whereas Norway, Sweden and the UK implemented more rigorous national animal welfare regulations for laying hens as well as broilers. This regards among others stocking density, availability of light and a (future) ban on beak trimming and/or (future) ban on cage systems.

All participating countries have basic quality assurance schemes for poultry in which nearly all farmers participate. Besides, all countries have organic schemes for laying hens and broilers. Specific animal welfare schemes exist in Italy, the Netherlands, France and the United Kingdom, both for laying hens and for broilers although there is slightly more choice for egg producers.

8.2 FARMERS' EXPERIENCES WITH ANIMAL WELFARE SCHEMES

Most farmers considered scheme participation as a prerequisite for entering the market, sometimes simply because it was part of their contract with the egg packing station or slaughterhouse. French and Italian poultry farmers saw scheme participation as a chance for receiving a better price whereas Dutch farmers wanted to expand their market in this way. In Sweden the schemes were valued as a tool of information and advice, of ensuring production quality and control over salmonella. Also the farmers in other countries often referred to schemes as useful management tools and instruments of quality control.

Across countries many farmers felt constrained from participation by their distrust in the financial viability of quality assurance schemes, conflicts between schemes specifications and the farmers' idea of good farming and, finally, practical difficulties with implementing scheme specifications. In addition farmers experienced country-specific barriers. In Norway the concept of product differentiation met resistance with the farmers. Swedish farmers saw the anonymous sale of meat through retails labels, restaurants and public canteens as an important barrier. In the United Kingdom farmers did not believe that scheme participation would indeed increase animal welfare on the farm.

In general, poultry farmers did not experience scheme specifications as restricting their freedom in farm management. The impact was considered as low or farmers felt that taking part in the scheme had been their own choice anyhow. Others said that they would do the same even when not specified in the schemes, simply because it was the best to do, resulting in the best production results.

Some farmers saw their production costs raising as a result of scheme participation. These were generally farmers who had to invest in more space, outdoors or indoors in order to comply with scheme specification. They worried about the risk of non-remunerative investments and financial losses. The situation was similar when we asked farmers about their improved market position. Some farmers considered their market position as improved, others did not feel that way at all. Again there was no clear relation with specific countries and/or specific assurance schemes. Farmers who saw their market position had improved, had either found a more reliable buyer or gained access to a specific market or received a premium price. Other farmers argued that it was more a matter of maintaining their market position than improving it.

Farmers were generally satisfied with the control system and believed that exerting control and reassuring consumers and buyers was one of the useful functions of a quality assurance scheme. Many, however, believed that the efficiency of scheme control could be improved. Other points for improvement were better feedback to farmers about the quality of their production and more congruency between specifications of different schemes.

8.3 FARMERS' ATTITUDE TOWARDS FARMING AND ANIMAL WELFARE

Generally poultry farmers across countries, production systems and assurance schemes recognised animal welfare as an important aspect of farming. For many farmers good animal welfare was seen as the basis for good production results. Bad animal welfare would endanger health and, hence, the productivity of animals. Farmers used a range of indicators for checking the welfare of their animals, based in the animal's behaviour, appearance and productivity, or the living conditions for the poultry. They generally agreed on the type of indicators to use irrespective of the country, production system or quality assurance scheme.

Poultry farmers, across countries, generally agreed as well on what characterised a good poultry farmer. Good poultry farmers needed to be observant and able to detect the condition of the animals by way of their sensory skills. They should also be technically skilled and able to control the farm and production system in order to reach the highest quality standards. Besides good farmers should have entrepreneurial skills to ensure that good economical results were achieved and were able to earn a living with the farm.

Most farmers gave a multi-facetted definition of animal welfare. The living conditions were considered as one of the most important aspects, referring to the microclimate in the stable, with the correct temperature, ventilation and humidity, enough feed and water of a good quality, a good quality litter and a dry environment and enough space for the animals. In addition farmer should carefully and regularly inspect their animals and nurse them. Some considered the opportunity for expressing natural behaviour as important but others disagreed as they found safety from pain and injuries as more important but endangered by natural behaviour. This differed according to their specific production systems. Generally farmers with free-range or organic production system considered the opportunity for expressing natural behaviour as an important aspect of animal welfare whereas farmers working with cage systems emphasized the benefits of providing safety and security and a clean environment.

Most poultry farmers considered animal welfare to be 'fine' on their own farm. Many farmer had made improvements on their farm to accommodate animal welfare. They generally referred to a better microclimate and comfort for the poultry. Many farmers saw no need for further improvements. But when the farmers talked about their wish list for improvements they focussed on improving the microclimate inside the stable, or better conditions in the outdoor area. Some farmers with cage systems in the Netherlands and Norway were ambivalent about the level of welfare at their farm acknowledging indirectly that other systems would allow for higher levels of welfare.

According to most poultry farmers their own knowledge of animal welfare ranged from 'sufficient' to 'good'. Some farmers would like to know more about the prevention of animal diseases, the prevention of feather pecking, animal behaviour, animal nutrition,

optimal stable climate, ventilation or stocking density. Most poultry farmers received information about animal welfare from their contractor, breeding organisation, egg packing station or slaughterhouse. Other sources were specialised agricultural media, farmers' associations or their own practical experience or that of their colleagues. Farmers rarely spontaneously mentioned the veterinarian as an expert of animal welfare by the poultry farmers.

8.4 FARMERS' PERCEPTIONS OF ANIMAL WELFARE LEGISLATION

In general laying hen farmers were more aware of animal welfare legislation than broiler farmers. This is not surprising as laying hen farmers have been confronted with major revisions of animal welfare legislation while at European level there is no specific animal welfare legislation for broilers yet. Generally farmers were more familiar with national than European legislation. In all countries about half of the poultry farmers thought that their national standards for animal welfare were stricter than the European standards. Most farmers preferred to have the same standards for the whole EU although a small group of Norwegian farmers considered being ahead of European legislation as essential for (among others) maintaining the good reputation of Norwegian agriculture and its survival. Swedish farmers differed in their opinion about how to reach a uniform European legislation. Most farmers were in favour of raising European standards to the Swedish level but some farmers worried about the time this would take and the ongoing 'unfair' competition between Swedish and others farmers on in the mean time. A small group of Dutch broiler farmers felt uniform legislation as leading to unfair competition. They thought that a limit on stocking density should take national difference in climatic conditions into account.

When discussing with farmers various additional measures – ban on battery cages, reduction of stocking density, obligatory outdoor access, ban on de-beaking, obligation of slowly growing broilers – it generally appeared that farmers responded in congruence with the production system and quality assurance scheme that they were already working in. Generally farmers were in favour of stricter measures when they already complied with them and opposed to those that required them to make considerable changes and investments. But this was not always the case. Sometimes farmers recognized the need for improvement although they personally feared the financial consequences. But generally speaking farmers would be more ready to accept stricter measures when the increase in production costs was compensated by higher prices.

8.5 ANIMAL WELFARE OFF THE FARM

Most of the Dutch, British and Italian farmers thought that animal welfare was sufficiently ensured during transport whereas as farmers were less confident in France, Norway and Sweden. When possible or necessary improvements were mentioned, these generally regarded issues such as reducing the stocking density in the transport crates, shorter transport time, good ventilation or acclimatised vehicles, better catching and loading methods.

Many farmers, especially laying hen farmers, knew little about the conditions in slaughterhouses, yet many assumed that the welfare of the animals would be properly ensured due to regulations and veterinary control. About what farmers might worry, differed according to specific national practises. Some of the Dutch broiler farmers considered slaughtering unnecessary stressful for broilers because they were hung upside down before stunning with electrical current. Some Norwegian farmers were concerned with the trend towards gassing and destroying hens at the farm which they considered a waste of food, while Swedish farmers pointed at the futility of transporting (and hence stressing) hens with very low economical value also given the high costs of transport.

8.6 FARMERS' PERCEPTION OF SOCIETY AND MARKET

There was little difference between farmers across countries for what concerns their perception of consumers and retailers and the potential success of an animal welfare label. In general there were two groups of farmers – optimists and pessimists.

Optimistic farmers believed in consumers' genuine concern with animal welfare and their readiness to buy animal friendly products. They believed that retailers and government should give more information to consumers and educate them on the issue of animal production and welfare. In addition retailers should more effectively promote such products and make sure that they were not too highly priced. In the same time they should pay a higher price to producers in order to compensate for higher production costs and refrain from import of cheap and less animal friendly products from abroad.

Those farmers who were more pessimistic doubted that consumers were really interested in animal welfare as they tended to buy the cheapest products. They did not believe that information would make a lot of difference then. They were suspicious about retailers' engagement as they perceived them as mainly interested in maximizing profit – not compensating farmers for higher production costs and importing cheaper products from

elsewhere, while in the same time offering some expensive animal friendly products to consumers.

Generally those farmers who were already engaged in animal welfare schemes were among the most optimistic. They were often organic producers or those with free range production systems. Producers who were working with more conventional methods, were generally among the more pessimistic ones. If that were laying hen or broiler farmers, differed per country. In the Netherlands laying hens farmers were generally more optimistic as a result of their positive experience with differently labelled eggs. In Sweden this was the other way around with broiler farmers being more often engaged in animal welfare schemes and having more confidence in the potential success of such labels. Here it is important to add, however, that Swedish egg producers recently made huge investments in new production system which did not pay off because of fierce competition with cheaply imported products from abroad, overproduction and, hence, falling prices.

8.7 DIFFERENCES ACROSS COUNTRIES

Generally there were little differences between countries although the countries represent quite different practises within the poultry sectors in terms of size, organisation and legislation. When country mattered, this was generally related to the prominence of certain sub-sectors, production systems and/or assurance schemes. Generally speaking, Norwegian and Swedish farmers were less convinced of improving animal welfare by way of quality assurance schemes or animal welfare labels. They preferred to regulate animal welfare by way of the law. Some country-wise differences related to different practises in slaughterhouses. Whereas Dutch farmers worried about the practice of hanging chicken upside down before stunning, Norwegian and Swedish farmers discussed the practice of gassing and destroying laying hens at the farm.

8.8 DIFFERENCES ACROSS QUALITY ASSURANCE SCHEMES AND SUB-SECTORS

Overall it is notable that farmers agreed about many issues and that there were only few pronounced differences between farmers working in different sub-sectors and assurance schemes. It is important to realize that different assurance schemes represented different production systems and, hence, quite serious differences in production systems.

When it comes to egg producers we distinguished between those keeping hens in battery cages and those with free-range production, mostly indoors but sometimes with outdoor access.

Among broiler producers the main distinction was between those with and without outdoor access, stocking density and chicken breed. Both sub-sectors have quality assurance schemes which regulate the production system and distinguish between for instance free range and cage systems. In some countries these assurance schemes have labels that are used to distinguish the product in the market.

When farmers differed in opinion, these differences could often be traced to difference in production systems and, related to that, quality assurance schemes. Generally speaking farmers tended to respond in congruence with their own practises and experiences.

This was clearly visible when we asked farmers about their attitude towards animal welfare. Farmers with free-range or organic production systems tended to consider the expression of natural behaviour as an important aspect of animal welfare whereas farmers working with cage systems attached more importance to prevention of pain and injuries and to clean environments. Generally farmers were of the opinion that the level of animal welfare was fine irrespective of their production system. Only in the Netherlands, Sweden and Norway there were farmers who were ambivalent about the animal friendliness of their own system.

It is also clear that those farmers who participated in animal welfare assurance schemes and had positive experience with selling those labelled products, were generally more optimistic about the ability to sell animal welfare on the market. These were mainly egg producers in the Netherlands but meat producers in Sweden.

Part II

Poultry Farmers and Animal Welfare: A Study of Beliefs, Attitudes and Behaviour of Poultry Farmers across Europe

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Deliverable 1.15

9

INTRODUCTION

Subproject 1 of the Welfare Quality programme studies the attitudes and practices of consumers, retailers and producers concerning animal welfare and assesses to what extent new welfare strategies may be acceptable among them and achievable in practice. This paper reports on Work Package 1.3 that deals with the perspective of farmers engaged in livestock production. It aims at understanding farmers' motivation to engage in animal friendly production, as well as identifying incentives and barriers to the development of animal friendly products and the adoption of more rigorous animal welfare standards. It integrates four tasks. The first task is a review of socio-political and market developments of animal welfare schemes in the six participating countries (France, Italy, the Netherlands, Norway, Sweden, United Kingdom). It evaluates the status of national legislation of animal welfare and identifies four types of animal welfare production schemes (Bock and van Leeuwen, 2005).

- Basic (farm) quality assurance schemes: most of them focus on food safety, product quality and traceability. They may or may not contain an animal welfare module regulating animal welfare at the level of European or national legislation.
- Top (farm) quality assurance schemes contain an animal welfare module, but generally focus on food safety, product quality and traceability. The animal welfare standards defined go beyond European or national legislation.
- Specific animal welfare schemes deal specifically with animal welfare and claim to guarantee significant improvements in animal welfare. Generally the animal welfare standards defined go well beyond European or national legislation.
- Organic schemes follow the basic organic philosophy for farming. Animal welfare is included in this philosophy but the focus of organic farming is broader, including concerns with environmental protection, health, food safety and quality and animal welfare. Their animal welfare standards go well beyond European or national legislation.

The following three tasks in Work Package 1.3. are three case-studies looking into the situation in pig production, cattle production and poultry production. This report describes the third case-study, and focuses on the perspective of farmers in the poultry sector, engaged in egg or poultry meat production. This case-study started in November 2006.

9.1 RESEARCH OBJECTIVES

The case-studies focus on farmers' attitudes to animal welfare, on factors affecting the decision to participate in animal welfare schemes and on their judgement of current animal welfare regulations. By comparison across countries, we try to find out if farmers across Europe think differently about animal welfare and have different experiences. Furthermore, comparison across animal welfare schemes should reveal if and how participation in schemes affects farmers' attitudes and perspectives. The study looks also into relevant difference between sub-sector, such as in this case laying hen and broiler farmers.

Summarizing the objectives listed in detail in the technical annex of the Welfare Quality Project, this case-study should achieve the following:

- an understanding of beliefs, views, conceptions and attitudes of producers with regard to farm animal welfare and current animal welfare regulations;
- an assessment of motives, considerations and incentives that weigh upon the decision to participate or not in the animal welfare scheme, now or in the years to come;
- an analysis of barriers encountered by non-participating producers to entering (or withdrawing from) animal welfare schemes related to their appreciation of the animal welfare issue, view on legal regulations, required farm adjustments, finances, social environment and information obtained;
- an analysis of farmers' experiences with participation in animal welfare schemes;
- an assessment of farmers' communication strategies on animal welfare activities;
- an identification of information strategies of interested producers with respect to details on existing welfare schemes.

9.2 RESEARCH METHODOLOGY

9.2.1 Research sample

In accordance with the terms of reference of the project, each national team selected 60 poultry farmers among which on average about 30 broiler and 30 egg producers. In Norway relatively more egg producers were chosen as they are the majority of Norwegian poultry farmers. The sample was stratified according to the participation or non-participation of the farmers in quality assurance schemes. Per country it was tried to stratify the sample in 5 categories:

1. farmers participating in a basic quality assurance scheme;
2. farmers participating in a top quality assurance scheme;

3. farmers participating in a specific animal welfare scheme;
4. farmers participating in an organic scheme;
5. farmers who do not participate in quality assurance schemes.

Comparing these groups of farmers enables us to identify incentives and barriers in the conversion to animal welfare schemes and to understand how conversion to more animal welfare production methods could be encouraged and supported by policy interventions.

The study is based on a purposive sample of farmers in order to understand if participation in animal welfare schemes matters for farmers' readiness to improve animal welfare. We therefore needed to choose farmers from different schemes. This resulted in an overrepresentation of farmers participating in relatively stringent animal welfare schemes. Not all the six counties have an equal amount of animal welfare schemes or host all defined levels of animal welfare schemes. In some countries it was not possible to find non-participating farmers since practically all farmers were participating in at least basic quality assurance schemes (see below for more details on the national samples). In addition, we tried to maximize variation with regard to other characteristics such as age, gender, geographical situation, farm type and farm size. The precise composition of the national samples is summarized in Table 9.1 and 9.2.

The study explores the diversity in beliefs, attitudes and behaviour concerning animal welfare among poultry farmers and tries to understand the significance of scheme participation, differences between subsectors and between countries. The sample is too small to be regarded as representative, but does reflect the differences that are expected to matter. As a result the case-study can demonstrate the range of beliefs, attitudes and

TABLE 9.1 Research samples per country by production type.

Country	Laying hen farmers	Broiler farmers	Breeding*	Total
France	29	30		59
Italy	32	28		60
Netherlands	30	28		58
Norway	41	16	4	61
United Kingdom	33	18	5	56
Sweden	30	30		60

Notes: * In Norway and the United Kingdom there were some farmers interviewed who reared parent stock for either broiler chickens or laying hens.

TABLE 9.2 Research sample per country by scheme participation.

Country	Non-participant	Basic quality assurance scheme	Top quality assurance scheme	Specific animal welfare scheme	Organic scheme	Total
Italy	53		2	2	3	60
France	18	–	13	17	11	59
Netherlands	–	33	13	–	12	58
Norway	–	51	2	–	8	62
United Kingdom	15	–	13	24	4	56
Sweden	–	–	45	–	15	60

behaviour but not the frequency with which these beliefs, attitudes and behaviour occur in the whole group of poultry farmers in the six countries.

In Italy there were only a limited number of quality assurance schemes for the broiler sector. It was not possible to find Italian broiler farmer who participated in a quality assurance scheme. Of the laying hen farmers there were seven farmers who operated in a quality assurance scheme, the others did not participate in any quality assurance scheme.

All quality assurance schemes for the poultry sectors in France have demands that go beyond the national legislation, so there were no basic quality assurance schemes in France. There were nine broiler and nine laying hen producers not participating in any assurance schemes. Eight broiler and five laying hen producers in top quality assurance schemes and nine broiler and eight laying hen producers participating in specific animal welfare schemes. Among the organic farmers were four broiler and seven laying hen producers.

In the Netherlands, nearly all poultry farmers participate in basic quality assurance schemes and it was not possible to find non participating farmers. There are specific animal welfare schemes in the Netherlands for both the laying hen and broiler sector, although the latter are very small. We did not find Dutch laying hen farmers who operated in this specific animal welfare scheme. Most broiler farmers in specific animal welfare scheme work as contractors for an integrator. This integrator did not want their farmers to participate in the research, mainly because these farmers have very small flocks and combine poultry farming with full-time jobs. The director of the integrating firm was prepared to answer the questions of the researchers, but because he was not a farmer himself, this interview was treated separately. Among the Dutch broiler farmers were only two organic farmers; all the others participated in a basic quality assurance scheme. This number is too small to analyse the effect of participation in different quality assurance schemes.

Norway has two main quality assurance schemes in the poultry sector - the basic quality assurance scheme KSL and the organic scheme Debio. In addition, there are two farmers who market a top quality scheme. Because of the small number farmers from the top quality assurance scheme were not treated as a separate category. Of the eight of the organic poultry farmers in Norway seven had only laying hens. One had both broilers and laying hens.

In Sweden, the poultry sector has a basic quality assurance scheme (MHS) and two top quality assurance schemes: SFS and Svenska Fagels/Äggs omsorgprogram (for meat respectively egg production). In addition there are two salmonella programmes and two organic schemes (KRAV and Demeter). All producers participate in one of the schemes. All broiler producers are part of the Svenska Fagels omsorgprogram and the Voluntary Salmonella schemes. The same is true for the egg producers. In addition 30 producers participate in the basic quality schemes MHS. The organic meat (4) and egg producers (11) participate in one of the organic schemes and often others schemes as well, such as (a.o.) the MHS and Svenska Fagels/Äggs omsorgprogram.

In the United Kingdom, there are no basic quality assurance schemes in the poultry sector at present. The categories 'non-participant' and 'top quality assurance scheme' included almost equal amounts of laying hen farmers and broiler farmers. In the specific animal welfare scheme more laying hen farmers than broiler farmers were represented. The organic farmers were all broiler farmers.

9.2.1 Data Collection and Analysis

In order to gather comparable information the teams agreed upon using a common basic questionnaire (see Appendix). This questionnaire serves as the basis for all case-studies (pig, cattle and poultry). The questionnaire includes questions about the following issues:

- farmers' participation in animal welfare schemes;
- farmers' attitude towards animal welfare;
- farmers' perception of animal welfare legislation;
- farmers' assessment of animal welfare off the farm;
- farmers' perception of market and society and belief in animal-friendly products.

Each team was free to adopt the formulation of questions as long as the same issues would be covered. They could also include additional questions. Since the advancement of animal welfare legislation differs across the six countries, some questions needed to be tailor-made. This regards for instance questions about the adoption of additional animal welfare measures in the future. Each team pre-tested the questionnaire and adapted formulation when necessary. The questionnaires were semi-structured and included open as well as closed questions. Per country the level of structuring varied.

The farmers were mostly interviewed face-to-face and on the farm, although the outbreak of Avian Influenza made poultry farms inaccessible in some countries. In these countries a part of the interviews were carried out by telephone. This was the case in Norway, Sweden and the United Kingdom. The interviews lasted on average 1.5 hours; the telephone interviews were designed to cover the same topics as the interview that was used on farm.

For a qualitative analysis, conformity of questions and response-categories is not important. The purpose of analysis is to detect the variance in beliefs, attitudes and behaviour and not to measure the frequency of a given category. The analysis is focused on the uncovering of issues and concerns and the understanding of motivations and reasoned behaviour. For the latter flexibility and room for taking contextual characteristics into account is of great importance. All research team analysed the collected material in this manner, trying to find out if participation in production schemes, national differences or other factors matter for farmers' attitude, beliefs and behaviour.

Each national team reported on their findings in a national report (see references). The synthesis report is based on theses reports, summarizing but also comparing national findings. In order to find out if participation in animal welfare schemes makes a difference, we compared between farmers across quality assurance schemes both nationally as internationally. We compared between countries in order to find out how differences in the national context of the poultry sector influenced the responses of farmers. Besides, we checked for differences between sub-sectors – in this case broiler- and egg production.

9.3 OUTLINE OF THE REPORT

In Chapter 10 we describe and compare the national context of poultry farming in the six countries, looking into the size and organization of the poultry sectors, current animal welfare legislation and the presence of quality assurance schemes. Chapter 11 deals with animal welfare schemes, farmers' motivation for participation and their experiences. In Chapter 12 we analyse farmer's attitudes towards animal welfare – their opinions about good farming, relations with animals, definitions of animal welfare, the importance they attach to animal welfare and how they assess the welfare of animals on their farm. Chapter 13 describes how farmers think about animal welfare regulation and some specific animal welfare measures. Chapter 14 looks into farmers' perception of animal welfare beyond the farm – during transport and at the slaughterhouse. In Chapter 15 we analyse how farmers think about the role of market and society in improving animal welfare. We look into farmers' ideas about the role of consumers, retailers and the government in improving animal welfare and the possibilities for animal friendly products on the market. In chapter 8 we draw conclusions regarding farmers' participation in animal welfare schemes and their readiness to engage in more animal friendly production methods, both across schemes, across production types and across the six countries.

10

CONTEXTS OF THE POULTRY SECTORS ACROSS EUROPE

For the comparison of the six studied countries it is important to take the context of poultry farming into account. We therefore start with a brief overview of the size and organization of the poultry sectors as well as the relevant animal welfare legislation per country.

10.1 THE SIZE AND ORGANIZATION OF THE POULTRY SECTORS

The poultry sector consists of two sub sectors: egg production and poultry meat production. Firstly the context of the laying hen sector is described, followed by a description of the poultry meat sectors in the six countries.

10.1.1 Egg Production

In France the laying hen sector is characterised by diversification. Since the late 1980's alternative rearing systems came up. The most successful housing system is the free-range system where the hens have outdoor access, such as required by the Label Rouge scheme. In Italy the production of eggs has been increasing constantly onwards, although a dramatic crash in production appeared in 2000 when there was an outbreak of avian flu. The laying hen farms which operate on a commercial basis, are for a large part 'vertically integrated'. This means that the laying hen farm is not owned by a farmer, but by large companies which own the whole supply chain from feeding to the end product. The people who tend to the laying hens, are employed by these companies.

In the Netherlands, Sweden and the United Kingdom, the laying hen sector has been in decline for a considerable period of time. In the Netherlands the number of laying hen farms has been reduced with 30% over the last ten years, in Sweden with 62% over the last

35 years and in the United Kingdom the size of the national laying hen flock has decreased with 28% over the last 20 years.

This development has lead to concentration and scale enlargement of laying hen production. In Norway there is the Norwegian Concession Act which sets a concession limits on laying hen farms, a laying hen farmers is allowed to have 7500 laying hens and needs a special permit when he wants to rear more laying hens. Approximately 80% of farmers with laying hen farmers in Norway have fewer than 2,500 laying hens. Looking at Table 10.1 we can conclude that the research includes three 'big egg producers' (France, Italy and the Netherlands), two 'small producers' (Norway and Sweden) and the UK as a moderate producer in between.

Table 10.1 shows the characteristics of the laying hen sector in the six countries.

Laying hens can be housed in different types of systems such as cage systems or free-range systems, with or without outdoor access. Table 10.2. shows how the number of farms, laying hens or produced eggs are divided over the different housing systems. So far, most of the production takes place in cage systems with the exception of the Netherlands, and Sweden.

Table 10.3 shows the figures for the domestic production, import and export of eggs and egg products. It shows that Italy, UK, Norway and Sweden are mainly producing for the domestic market. The Netherlands exports more eggs and egg products than are imported and is an exporting country. France exports quite a lot but less than is imported.

10.1.2 Broiler Production

The French broiler sector has been in decline since the end of the 1990s, due to a decrease in export markets. The broiler sector is now refocusing on its internal market and is characterised by a wide variety of breeds being produced in a wide variety of production

Table 10.1 Total number of farms, hens ($x10^3$) and eggs ($x10^6$) in 2005.

Laying hen farms	France (2004)	Italy(2003)	Netherlands (2005)	Norway (2004)	Sweden (2005)	United Kingdom (2005)
Number of farms with laying hens	1,838*	1,295*	1,531	880**	4,916	37 400
Number of laying hens	43 260	54 000	30 513	3,067	5,065	40 966
Average number of hens/farm	23 536	41 698	19 930	3,485	1,030	1,095
Number of produced eggs	11 440	12 837	9,070	51	101	884

Notes: * very small producers are not included in the statistics; ** the total number of farms in 2005 is calculated as 2285, including very small producers as well producers with parent stocks of slaughter chicken and laying hens, and some farms with chicken and hens (production subsidy data base 2005).

TABLE 10.2 Total number of farms, hens ($x10^3$) and eggs ($x10^6$) in 2005 divided over different housing systems

	France (2004)	Italy* (2003)	Netherlands (2005)	Norway** (2004)	Sweden** (2005)	United Kingdom
Number of laying hen farms						
Cage system	814 (44%)	n.a.	352 (29%)	800 (91%)	n.a.	n.a.
Free-range indoor	142 (8%)	n.a.	586 (47%)	71 (8%)	n.a.	n.a.
Free-range outdoor	662 (36%)	n.a.	234 (19%)			n.a.
Organic	256 (14%)	n.a.	64 (5%)	9 (1%)	93	n.a.
Total number of laying hens per housing system ($x10^3$)						
Cage system	34 408 (80%)	39 460 (96.5%)	14 813 (49%)	2,636 (86%)	n.a.	n.a.
Free-range indoor	2,611 (6%)	1,000 (2.4%)	10 334 (34%)	386 (13%)	n.a.	n.a.
Free-range outdoor	4,363 (10%)	200 (0,5%)	4,427 (15%)			n.a.
Organic	1,285 (3%)	250 (0.5%)	497 (2%)	5 (1%)	365 332 (7%)[1]	n.a.
Total calculated number of produced eggs/housing system ($x10^6$)						
Cage system	9,425 (82%)	n.a.	5,032 (55%)	n.a.	(36.5%)[2]	(63.3%)
Free-range indoor	589 (5%)	n.a.	2,649 (29%)	n.a.	(58%)	(6.4%)
Free-range outdoor	1,065 (9%)	n.a.	1,246 (14%)			(30.4%)
Organic	316 (3%)	n.a.	125 (2%)	n.a.	(6%)	

Notes: n.a.: not available; * very small producers who do not produce for a commercial purpose are excluded; ** in Norway and Sweden conventional free range systems are indoors, outdoor free range are common only for organic; [1] in December 2006 this had decreased to 5.7%; [2] of which 36% enriched cages (sand bath perches and laying area).

TABLE 10.3 Comparison of domestic production, import and export of eggs and egg products ($x10^6$)

	France (2005)	Italy (2005)	Netherlands (2005)	Norway (2004)	Sweden (2005)	United Kingdom (2005)
Production eggs	15 258	12 788	9,070	51	61*	884
Imports eggs and egg products	2,373	183	2,128	0.7	19	1,430
Exports eggs and egg products	1,845	273	8,128	1.8	11	1.61

Notes: * delivered to wholesalers.

systems. In 2005, 24% of the broilers in France were reared under a quality label. In France, the products from quality labels represents about one third of the market for the consumption of chicken and over two-third of the market for the consumption of whole chickens. About 80% of the broilers that are sold under a quality label are sold as a whole

chicken. Recently this market is decreasing in France in favour of the poultry cuts and particularly chicken-based products. For the latter mainly poultry meat is used that is not produced under a quality label.

In Italy 90% of the broiler production is 'vertically integrated. This means that large industries own the whole supply chain from feeding to meat processing. So the production can take place in farms that are owned by industries, or in the case of a co-operative, by members. Farmers are paid for the use of their stables and for their labour. The broilers and the feed are delivered to the farmer and, after rearing, the birds are brought to the slaughterhouse. The farmer has no ownership in this case.

In the Netherlands the number of broiler farms has decreased with 41% over the last decade. Especially the outbreak of Avian Influenza in the Netherlands in 2003 caused a decline of 29% compared to the number of farms in the previous year. The broiler sector has not yet recovered from this.

In Norway the poultry production started in the 1960s and has been increasing very rapidly since. Nowadays the poultry production is regulated and there is a concession limit of 120.000 chickens produced per year per farm.

In Sweden the broiler sector is subject to a decline of the national broiler herd. Compared with 1970 the number of broilers has decreased with 43,3%. At the same time the number of broiler farms has dropped, resulting in scale enlargement of the broiler farms.

In the United Kingdom the size of the national broiler flock has almost doubled over the last twenty years. However also the broiler production in the United Kingdom is characterised by concentration and scale enlargement. The majority of the broilers are reared indoors; only 5% is reared outdoors.

Table 10.4. shows the characteristics of the broiler sector in the six countries. From this we may conclude that France is by far the biggest producer among the six countries, followed at quite some distance by Italy; UK and the Netherlands may be called 'moderate producers' whereas Sweden and Norway are relatively small in scale as well as total quantity.

Table 10.5 shows the figures for the domestic production, import and export of poultry meat and poultry meat products. It shows that France and the Netherlands are exporters for poultry meat and poultry meat products. The UK exports quite a lot but imports even more. Italy on the other hand exports little but imports even less. Norway is self-sufficient and Sweden is a net (but small) importer for poultry meat and poultry meat products.

TABLE 10.4 Total number of farms and broilers

Broiler farms	France (2004)	Italy (2003)	Netherlands (2005)	Norway (2005)	Sweden (2005)	United Kingdom (2005)
Number of farms with broilers	12222	2,225	762	546	234	3,100
Number of broilers (10^3)	685194	423027	44496	n.a.	7,505	111486
Average number of broilers/farm	56062	190124	58393	n.a.	32071	36141

TABLE 10.5 Comparison of domestic production, import and export of poultry meat and poultry meat products (x10^3 tons).

	France (2005)	Italy (2005)	Netherlands (2005)	Norway (2005)	Sweden (2006)	United Kingdom (2006)
Production poultry (chicken)	1,922 (985)	1,119	684	47	18	864
Import (meat in tons)	274 (225)	36.6	403.9	0	39.7	581.4
Exports (meat in tons	689 (405)	140	724.1	0	11.8	337.3

10.2 LEGISLATION FOR ANIMAL WELFARE

To protect the welfare of poultry, the EU has two directives in force; the general directive concerning the protection of animals kept for farming purposes (EU Directive 98/58/EC, *OJ* L 221, pp. 23–27, 8 August 1998), and a specific directive laying down minimum standards for the protection of laying hens (EU Directive 1999/74/EC, *OJ* L 203, pp. 53–57, 3 August 1999). At the moment of this study there was no specific animal welfare legislation in the EU for broilers although a proposal for such a directive was discussed within the EU but not accepted.

The EU Directive 98/58/EC reflects the 'five freedoms':

- freedom from hunger and thirst – access to fresh water and a diet for full health and vigour;
- freedom from discomfort – an appropriate environment with shelter and comfortable rest area;
- freedom from pain, injury and disease – prevention or rapid treatment;
- freedom to express normal behaviour – adequate space and facilities, company of the animal's own kind;

- freedom from fear and distress – conditions and treatment which avoid mental sufferings.

In 1999 the EU directive for the animal welfare of laying hens became operational. The directive gives provisions for three different types of housing systems:

- battery (=un-enriched) cages: these cages will be prohibited after 1 January 2012;
- enriched cages;
- alternative systems.

Following are the most important standards of this directive.

Un-enriched cages must meet the following requirements.

- A surface of at least 550 cm^2 cage area per hen.
- A feed trough of at least 10 cm length per hen.
- A continuous drinking channel of at least 10 cm length per hen or at least two nipple drinkers or cups must be within reach of the cage.
- Cages must be at least 40 cm high over at least 65% of the cage area and not less than 35 cm at any point.
- Cage floors must be constructed to adequately support the forward facing claws of each foot.
- The floor slope may not exceed 14% or 8 degrees – when rectangular wire mesh is used for the flooring, member states may permit steeper slopes.
- Cages shall be fitted with suitable claw-shortening devices.

Enriched cages must meet the following requirements.

- At least 750 cm^2 cage area per hen, of which 600 cm^2 must be usable surface. The height of the cage other than that above the usable area shall at least be 20 cm at every point and no cage shall have a total area that is less than 2000 cm^2.
- A nest.
- Litter such that pecking and scratching are possible.
- Appropriate perches of at least 15 cm per hen.
- A feed trough of at least 12 cm length per hen.
- Each cage must have a drinking system appropriate to the size of the group; where nipple drinkers are provided, at least two nipple drinkers or two cups must be within reach of each hen.
- Cages shall be fitted with suitable claw-shortening devices.

Alternative systems must meet the following requirements.

- Either linear feeders providing at least 10 cm per bird or circular feeders providing at least 4 cm per bird.
- Continuous drinking troughs providing 2,5 cm per hen or circular drinking troughs providing 1 cm per hen. Where nipple drinkers or cups are used there shall be at

least one nipple drinker or cup for every 10 hens. Where drinking points are plumbed in, at least two nipple drinkers shall be within reach of each hen.

- At least one nest for every seven hens. If group nests are used, there must be at least 1 m^2 of nest space for a maximum of 120 hens.
- Adequate perches, without sharp edges and providing at least 15 cm per hen. Perches must not be mounted above the litter and the horizontal distance between perches must be at least 30 cm and the horizontal distance between the perch and the wall must be at least 20 cm.
- At least 250 cm^2 of littered area per hen, the litter occupying at least one third of the ground surface.
- The floors of installations must be constructed so as to support adequately each of the forward-facing claws of each foot.
- If systems of rearing are used where the laying hens can move freely between different levels:
  - there shall be no more than four levels;
  - the headroom between the levels must be at least 45 cm;
  - the drinking and feeding facilities must be distributed in such a way as to provide equal access for all hens;
  - the levels must be so arranged as to prevent droppings falling on the levels below.
- If laying hens have access to open runs:
  - there must be several popholes giving direct access to the outer area, at least 35 cm high and 40 cm wide and extending along the entire length of the building – in any case a total opening of 2 m must be available per group of 1000 hens.
  - open runs must be:
    * of an area appropriate to the stocking density and to the nature of the ground, in order to prevent any contamination;
    * equipped with shelter from inclement weather and predators and, if necessary, appropriate drinking troughs.
- The stocking density must not exceed nine laying hens per m^2 usable area. However, where the usable area corresponds to the available ground surface, Member States may, until 31 December 2011, authorise a stocking density of 12 hens per m^2 of available area for those establishments applying this system on 3 August 1999.

The legislation in France, Italy and the Netherlands follows the EU directive for the welfare of laying hens. These countries have no specific legislation for the animal welfare of broilers. In the Netherlands there is political pressure to put a total ban on (un-enriched) battery cages. In Norway, Sweden and the United Kingdom there are legislative standards that are stricter than the standards of the EU. In these countries there is also legislation for the welfare of broilers.

The following are stricter standards in Norwegian legislation.

- A maximum of three hens per cage.

- A minimal surface of 700 cm^2 per hen in un-enriched cages, in enriched cages the hens must have a minimal surface of 850 cm^2 per hen, of which 675 cm^2 per hen is usable surface.
- For broilers there is a maximum stocking density of 34 kg/m^2.
- Beak trimming and comb dubbing is prohibited.
- A farmers has to inspect his flock twice a day.
- There has to be a light regime with a 24 hour cycle which includes an uninterrupted period of darkness of 8 hours.
- The capture and other handling of the poultry shall be in a gentle manner.
- The Norwegian Concession Act which sets a concession limit on poultry farms. Laying hen farmers are allowed to have 7500 laying hens and need a special permit when they want to rear more laying hens. The concession limit for broilers is 120.000 per year.

The following are stricter standards in Swedish legislation.

- Production in cages is forbidden unless the cages are enriched (including laying areas and sand bath perches).
- For broilers there is a maximum stocking density of 20 kg/m^2, which can be extended to 36 kg/m^2 for farmers who have achieved the highest score in the Svenska Fågel scheme.
- For laying hens there is a maximum stocking density of 20/m^2.
- Beak trimming is prohibited.
- Noise level may not raise above 65 db(A).

The following are stricter standards in the legislation of the United Kingdom.

- For broilers there is a maximum stocking density of 34 kg/m^2.
- Broilers shall be kept on or have access at all times to well maintained litter or to a well-drained area for resting
- Litter for broilers should be kept loose and friable and measures should be taken to minimise the risk of mould or mite infection. Mouldy litter should not be used and litter is controlled so that it is not too wet or too dry.
- For broilers a water system (nipples with drip cups) which minimises water spillage should be positioned at an appropriate height for all broilers. Nipple drinkers without cups may be used if they are well managed and the water pressure is checked frequently.
- Animals shall not be kept in permanent darkness.
- When the natural light available is insufficient then appropriate artificial light shall be provided.
- A period of rest from artificial light is compulsory.
- In all accommodations hens shall be able to see one another and be able to investigate their surroundings visually. Where there is natural light, the light apertures must be arranges such that the light is distributed evenly.

- The lighting regime must follow a 24-hour rhythm and include a period of about one third of the day of interrupted darkness. A period of twilight of sufficient duration is necessary when the light is dimmed.
- For laying hens in cage and multi-level systems light intensity should be at least 5 lux and preferably not less than 10 lux, measured at any feed trough level. In other systems, the light in the perching, walking and feeding areas should be at least 10 lux measured ad bird eye height.
- For broilers there will be a minimum light level of 10 lux at bird eye height, but to stimulate activity an illumination of at least 20 lux is more appropriate.
- Broilers without access to day light should receive at least eight hours of artificial light every day. For the welfare of the animals a period of darkness (not less than 30 minutes) in each 24-hour cycle should be provided.
- Beak trimming is permitted until 31 December 2010, under certain conditions, including compliance with the Veterinary Surgery Order 1962.
- For broilers beak trimming should not be necessary, possible methods of environmental enrichment such as the provision of straw bales or brassicas or scattering whole grain may be provided to avoid beak trimming.

10.3 QUALITY ASSURANCE SCHEMES IN EUROPE

To ensure higher levels of quality, there are quality assurance schemes operational in several countries in Europe. Some quality assurance schemes include specific measurements for animal welfare. As described in the first chapter four categories of so-called 'animal welfare schemes' were defined (Bock and van Leeuwen, 2005). These identified categories of animal welfare schemes were used in all case-studies although some of the schemes are more prominent and relevant in some sectors and countries compared to others, and not all scheme-categories are present in all countries.

10.3.1 France

In France there are several quality assurance schemes for egg and poultry meat production.

- *Barn system*: There are 142 farmers participating in schemes for the production of eggs in a free-range indoor production system.
- *Outdoor area*: This scheme prescribes a minimum surface for the outdoor area of 4 m^2/animal. Six hundred sixty-two farmers participate in schemes for the production of eggs in a free-range outdoor production system. Some farmers participate in a Label Rouge scheme, and some do not.

- *Conformity Certification scheme* (CCP). This scheme has developed rapidly until the beginning of 2000. Chickens reared under CCP are fed with 100% vegetal food, reared for a minimum of 56 days with a maximum stocking density of 18 chickens per m^2. 957 broilers farmers participate in a CCP scheme
- *Label Rouge scheme* (Red label scheme). The specifications of this scheme prescribes that the chickens come from slow-growing cross-breeds. The chickens are reared for a minimum of 81 days and the maximum stocking density is 11 chickens per m^2. From 6 weeks of age, the chickens must have access to an outdoor run during the day. The minimal outdoor surface area is 2 m^2/animal and the maximum surface area of the building may not exceed 400 m2, per farm the maximum surface area is 1,600 m^2. For the laying hens it prescribes outdoor access with a minimal surface of 5 m^2/animal. There are 5,064 broiler farmers and about 220 laying hen farmers participating in a Label Rouge scheme.
  L'Agriculture Biologique. For laying hens, this scheme prescribes a stocking density of 6 hens/m^2 with 18 cm of perches per hen. Each hen must have from the 28th week of age to an outdoor run with a surface of 4 m^2 per hen. De-beaking is forbidden, but clipping of the maximum 1/3 or the beak is tolerated. The number of hens is limited to 3,000 hens per building and the total surface area of the building must be less than 1,600 m^2. For broilers this scheme has the following specifications. The chickens must come from slow-growing cross-breeds. The chickens are reared for 81 days and the maximum stocking density is 10 chickens per m^2 with an outdoor run surface of 4 m^2 per chicken. 10% Of the organic food, must come from the farm. The number or chickens may not exceed 4,000 chickens per building and the total surface of the buildings can not exceed 1,600 m^2. There are 295 broiler farmers and 256 laying hen farmers participating in an organic scheme

10.3.2 Italy

- *QC eggs*: To safeguard food safety the QC scheme requires the laying hens to be housed in cage systems. There are two farmers participating in the QC scheme, producing 15 million eggs per year.
- *Legambiente* (LAIQ): Within the Legambiente scheme there are four chapters for both eggs and poultry meat these are:
  - *Legambiente Fresh eggs*: this label is used for eggs that are produced in cage systems;
  - *Legambiente Fresh eggs from barn hens*: this label is used for eggs that are produced in an indoor free-range system;
  - *Legambiente Fresh eggs from free-range hens*: this label is used for eggs that are produces in a free-range system where the hens also have outdoor access;
  - *Legambiente Broilers reared intensively indoors*.
- *Organic*.

10.3.3 Netherlands

There are several quality assurance schemes in the Netherlands for both the egg and poultry meat production. The following are the quality assurance schemes in the laying hen sector in the Netherlands.

- *IKB-Kooi-ei*: This scheme is used for eggs that are either produced in battery cage systems or in enriched cage systems. 28.5% of the Dutch laying hen farms participate in this scheme.
- *IKB-Scharrel*: This label was founded in 1977 as a private label. In the 1990s it joined with the IKB-scheme. The label covers eggs that are produced in a free-range system, either the ground floor system of the aviary system. 29.2% of the eggs that are produced are sold under this scheme.
- *IKB-Vrije Uitloop*: Like the IKB-Scharrel scheme, this scheme covers eggs from free-range production systems, but the scheme also prescribes an outdoor run for laying hens. In 2005, 234 laying hen farms participated in this scheme, this is 19% of all Dutch laying hen farms, and 14% of the total amount of eggs are produced under this scheme.
- *Gras-ei scheme*: This is a private label, initiated in 1991 from within the organic movement. The founders of the scheme thought that the specifications of organic egg production were not feasible for the majority of the farms. Therefore the specifications of this scheme follow the organic specifications for animal welfare and health, but not for the use of medicine and fertilizers. The market share of Gras-ei eggs lies a little under 1%.
- *Organic egg production*: The organic laying hen sector grew rapidly in 2004 in a response to the outbreak of AI in 2003. In 2005 there were 123 organic laying hen farms in the Netherlands.

The following are the quality assurance schemes for the poultry meat sector.

- *IKB-Kip*: This scheme is a general quality assurance scheme with specifications for animal health, food safety, tracking and tracing, and transport. There are some specifications for the animal welfare of broilers, but because there is no specific animal welfare legislation for broilers in the Netherlands, this scheme would classify as a top quality assurance scheme. Over 95% of the broiler farmers participate in this scheme.
- *Scharrel*: This scheme covers less than 1% of the market for poultry meat. The majority of free-range poultry meat that is sold in the Netherlands is imported from France.
- *Volwaard*: This scheme has started, very recently in January 2007.
- *Organic*: The market share of organic poultry meat was 1,8% in 2005. There is only one full-time organic poultry farmer in the Netherlands and a poultry integration that has some organic poultry farmers under contract. These farmers are mostly very small farmers who do not depend on the broilers for their income.

10.3.4 Norway

In Norway there are four quality assurance schemes for the poultry sectors, although two of these schemes only have one participant.

- *KSL*: 70% of the poultry farmers participate in KSL. The Norwegian egg company Prior deducts 1 NOK per kg when farmers do not participate in KSL.
- *Debio*: In 2005 there were 95 poultry farmers in Norway, only two of them produce poultry meat. Most organic poultry farmers are very small farmers, most having less than 100 hens.
- *Livèche chicken*: This scheme is initiated by the sales co-operative Prior and raises broilers until 81 days of age, which have access to an outdoor area and are fed with a special feed. Up till now only one farmer participates in this scheme.
- *Ek gårdsegg*: This label is developed by a laying hen farmer who is up till now the only participant of this scheme.

10.3.5 Sweden

Sweden has quite a few basic and top quality assurance schemes and an organic scheme.

- *MHS*: This is a self control scheme for all animal husbandry sectors in Sweden. It does not set demands for animal welfare which surpass the Swedish animal welfare legislation.
- *Svenska Äggs omsorgsprogram* (SFS: Swedish Egg Care Scheme): About 80% of the laying hen farmers participate in this scheme, among these farmers are both conventional and organic farmers. The scheme is based on a credit system where farmers who fulfil higher standards receive additional benefits. The lowest standards lie on the same level as the Swedish animal welfare legislation. 80% of the participating farmers fulfil standards that lie above the legislative level.
- *Svenska Fågels omsorgsprogram* (Swedish Poultry Care Scheme): This scheme demands participation in the voluntary salmonella program (see below). This excludes organic broiler farmers from entering this scheme. The scheme covers 98% of the Swedish poultry meat production.
- *Obligatoriska Salmonella programmet*: This scheme should not be seen as a classic quality assurance scheme. It is based on samples that are sent to the Board of Agriculture and inspected on contamination with Salmonella.
- *Frivilliga Salmonella programmet*: This is a voluntary scheme with restrictions for stables, from where poultry is bought, hygiene, feed demands and veterinary control of production on the farm.
- *KRAV* and *Demeter* are the two organic schemes in Sweden, of which Demeter is the smallest scheme.

10.3.6 United Kingdom

In the United Kingdom agricultural quality assurance schemes were introduced at the beginning of the 1990s. They have developed rapidly since then and at the end of the 1990s there were a large number of schemes operational, creating confusion among producers and consumers. In 2000 the British Food Standard was initiated. Its main objective was to unite existing schemes under one label (the Little Red Tractor label). The following are the quality assurance schemes for dairy production.

- *Assured Chicken Production Scheme* (ACP): It is the largest quality assurance scheme for poultry meat, covering more than 90% of the UK broiler farmers.
- *Lion Quality Scheme* (LQS): This scheme covers almost 85% of the British egg production. The scheme includes all housing systems (battery cage, free-range and outdoor access), but highlights that it includes additional animal welfare specifications that surpass British animal welfare legislation.
- *Freedom Food*: This is a specific animal welfare scheme, initiated by de RSCPA. It has 2662 participating laying hen farmers who rear 30% of the national laying hen stock, and 589 broiler farmers who rear 35% of the national broiler stock.
- *Soil Association* (SA): This scheme represents the organic production of eggs and poultry meat. In January 2006 there were 1.22 million broilers and 1.34 million laying hens registered as organic poultry. This represents 2% of the total number of poultry in the United Kingdom.
- *Laid in Britain Quality Assurance*: This scheme represents more than 5 % of the egg production in the United Kingdom. These eggs are marketed locally and regionally. The scheme covers all housing production systems.

Since there are three different kind of housing systems for laying hens acknowledged in the EU directive for the animal welfare of laying hens, it is difficult to classify quality assurance schemes in different levels, especially for schemes which accept all forms of housing for laying hens. In our classification system both the farmers who follow the legislation for free-range outdoor production and those who have the battery cage system do not surpass the legislative standards. In line of our classification system, both farmers participate in a basic quality assurance scheme. Another possibility is to classify the schemes that represent production in the (battery) cage system as the lowest level, which would be a basic quality assurance scheme. Quality assurance schemes which prescribe free-range systems could then be qualified as top quality assurance scheme. However, this would imply that we regard the free-range system to ensure a higher level of animal welfare than the cage systems. This is still highly debated among animal scientists, animal producers, policy-makers and agribusiness. Therefore we limit our classification between general quality assurance schemes (including top ánd basic schemes) that do or do not have an animal welfare module, quality assurance schemes that specifically focus on animal welfare, and organic schemes. A comparison of the different types of schemes that exist in the six countries is shown in Table 10.6.

TABLE 10.6 Occurrence of different types of quality assurance schemes for laying hen production.

Types of schemes	France	Italy	Netherlands	Norway	Sweden1	United Kingdom
Organic	L'Agriculture Biologique	Organic	Biologisch	Debio	KRAV Demeter	SA
Specific AWS	Label Rouge Outdoor area schemes	LAIQ	Gras-ei			Freedom Food
General (top and basic) quality assurance schemes: Top quality assurance scheme	Barn system schemes	QC	IKB-Vrije Uitloop IKB-Scharrel IKB-Kooi	Ek gårdsegg KSL	Svenska Aggs omsorgs-program Obligatoriska Salmonella programmet Frivilliga Salmonella programmet MHS	Lion Quality Scheme Laid in Britain Quality Assurance

TABLE 10.7 Occurrence of different levels of quality assurance schemes for broiler production.

Types of schemes	France	Italy	Netherlands	Norway	Sweden	United Kingdom
Organic	L'Agriculture Biologique	Organic	Biologisch	Debio	KRAV Demeter	SA
Specific AWS	Label Rouge	LAIQ	Volwaard			Freedom Food
General (top and basic) quality assurance scheme	Conformity Certifications Scheme		Scharrel	Livèche chicken KSL	MHS Frivilliga Salmonella programmet Svenska Fågels omsorgs-program Obligatoriska Salmonella programmet	Assured Chicken Production Scheme

Table 10.7 summarizes the existence of quality assurance schemes for poultry meat production.

In all countries there are multiple types of quality assurance schemes present for egg and poultry meat production, although there is slightly more choice for the laying hen farmers than for the broiler farmers.

11

PARTICIPATION IN ANIMAL WELFARE SCHEMES

This chapter describes the motivation of farmers to participate in quality assurance schemes or not, as well as the experienced and expected advantages and disadvantages of participation. In doing so we compare between farmers across countries and across quality assurance schemes.

11.1 MOTIVATION TO ENTER A QUALITY ASSURANCE SCHEME

Farmers motivated their decision to enter a quality assurance scheme in different ways. Poultry farmers in the Netherlands, Norway, Sweden and the United Kingdom perceived scheme participation as a prerequisite for entering the market and selling their products. It was often part and parcel of their contract with the egg packing station or the slaughterhouse. Poultry farmers in France and Italy referred to specific opportunities on the market and economic benefits. French and Italian farmers operating in a quality assurance scheme were motivated by the notion of producing quality products and by the appreciation for their top quality products. Dutch laying hen farmers also referred to the possibility of gaining access to the German egg market by entering a German quality assurance scheme. Besides seeing it as a prerequisite for entering the market, Norwegian and Swedish poultry farmers regarded quality assurance as a useful tool for reaching certain quality standards and for keeping the farm and the farming practices up to date. These farmers experienced quality assurance scheme as a control mechanism that enabled the sector to provide guarantees about their products and to maintain the trust of society and consumers. A large group of the former Swedish laying hen farmers with battery cages mentioned that they entered the Svenska Äggs omsorgsprogram to get dispensation from changing directly to the enriched cage or free-range systems, although by the time of interviews all but one of those producers had already installed enriched cages. UK broiler farmers who had entered the Freedom Food scheme, explained their decision by referring to its contingency plan in the case of an outbreak of avian influenza.

Organic poultry farmers in the Netherlands, France, Norway and Sweden explained their conversion by referring to their sympathy with the organic philosophy as a better way of

farming and also better for animal welfare. On the other hand they perceived a market opportunity for organic products and often received a higher price for their products (except for the organic poultry farmers in the UK).

11.2 BARRIERS FOR SCHEME-PARTICIPATION

To understand what prevented farmers from participating in a scheme, we asked farmers who did not participate in any scheme, why they choose not to do so. Where it was difficult to find non-participants, farmers were asked why they did not participate in a scheme with more stringent animal welfare regulations. Finally we asked farmers if it was still possible in their view to produce outside a quality assurance scheme.

There were multiple reasons why farmers choose to stay out of quality assurance schemes or did not want to participate in a scheme with stricter animal welfare specifications. Many farmers thought that it would be difficult or not possible to comply with the stricter specifications on their farms or that they lacked faith in the financial viability of quality assurance schemes. Especially the specifications to provide more space for the animals and an outdoor run were perceived as difficult. Several farmers said that they would consider participation in a quality assurance scheme if they were financially compensated for the accompanying extra production costs. In their view this compensation was lacking or they doubted that there was really sufficient demand for these products.

Another barrier for farmers to enter a quality assurance scheme was its interference with the farmer's possibility to sell directly to consumers and to be in contact with them. Some farmers could not perceive themselves working in an 'alternative' system or farmers were afraid that entering a quality assurance scheme would increase their farm administration. Other farmers felt that they were too old to start something new. Certain specifications especially from the organic schemes, such as an outdoor run, conflicted with the farmers' ideas of animal health, hygiene and food safety, or they felt that a ban on beak trimming would be counterproductive for animal welfare.

Quite a number of the Norwegian poultry farmers were sceptical about the establishment of quality assurance schemes, primarily focussed on animal welfare. They doubted the benefit of product differentiation. In their view the level of animal welfare was already good and should be assured by legislation for all animals and not by scheme specifications and, hence, only the animals produced under such a label. The farmers also feared that establishing an animal welfare scheme would imply that the welfare of animals not reared under that label would be experienced as poor. Furthermore the Norwegian farmers believed the Norwegian market to be too small for product differentiation. Consumers would only become confused. Nevertheless some of them would also consider entering an animal welfare scheme because of its economic incentives.

Swedish farmers were not convinced by the advantage of labelled production because the larger retailers sold their products under their own home-brand, without informing consumers about the origin of products. The same was true for restaurants, schools, hospitals etc.. As a result consumers would never know how to choose a product of a specific origin and assured animal welfare.

In the United Kingdom, farmers who did not participate in a quality assurance scheme, stated that they refrained from participation as long as they were not convinced that the level of animal welfare and scheme membership was genuinely related. The smaller farmers did not see real benefits in scheme participation as they sold their products directly to local clients or at the farm. Furthermore, farmers thought that quality assurance schemes were a 'supermarket public relation exercise sponsored by farmers'.

In the Netherlands, Norway, Sweden and the United Kingdom, poultry farmers were asked if farmers could still produce outside quality assurance schemes. Generally farmers thought that it was maybe possible for small-scale farmers who sold their products on the farm or on local markets. But for large, commercial farms it was considered impossible to enter markets without participation in any quality assurance scheme. In the United Kingdom some farmers also referred to the Single Farm Area Payment scheme of the European Union. In their view cross-compliance made quality assurance schemes nearly inevitable.

11.3 IMPACT OF SCHEME-PARTICIPATION ON FARM-MANAGEMENT

We asked farmers about the impact of scheme regulations on farm-management, administrative workload, production costs, transfer costs and market position, and about the control regime of the scheme.

In general, the poultry farmers from France, Italy, the Netherlands and the United Kingdom thought that quality assurance schemes improved or secured the position of the farmer in the market and that the scheme ensured a certain level of quality. Some French poultry farmers who produced organically or worked with an outdoor area added that their system provided a better environment; some said also that producing in the quality scheme enhanced their own job satisfaction. Poultry farmers from the Netherlands, Norway and Sweden said that quality assurance schemes served as a management tool, keeping farmers alert on their farming practices and keeping the farms up to date. Furthermore the quality assurance schemes provided consumers and buyers with guarantees about the products. The main disadvantages of operating in a quality assurance scheme were that it increased the administrative workload for the farmers and the costs of production. This answer was given by farmers across all six countries.

11.3.1 Restriction of Farm Management

Farmers from the Netherlands, Sweden and the United Kingdom were asked if the scheme specifications limited them in their freedom to manage their farm. Most farmers did not feel restricted by the quality assurance scheme. In their view the specifications of the scheme were not limiting their management, or they regarded their decision to participate as their own choice. In other cases they regarded the specifications as a necessary part of their production system. If they did not operate inside the quality assurance scheme they would follow the same routines. Half of the organic farmers and most of the broiler farmers from Sweden had another opinion. These farmers said that the scheme specifications influenced the management of their farm and limited their freedom as producers.

11.3.2 Administrative Workload

We also asked farmers if scheme participation increased the administrative workload of the farmer. French and Italian farmers were convinced that participation increased bureaucracy. Some Norwegian farmers also complained about the amount of paper work. Sometimes farmers accused schemes as rendering correct papers matter as more important than the actual work. In the Netherlands and Sweden most farmers did not experience the administrative workload as a result of joining the scheme. However, two third of the organic Swedish farmers lamented more in general on the amount of paperwork.

11.3.3 Production Costs

Farmers from different countries thought differently about the cost raising effect of scheme participation. The French poultry farmers did not mention an increase in production costs due to scheme participation but farmers who did not enter a scheme usually justified themselves because of increasing costs. In Italy, the Netherlands and the United Kingdom farmers saw an increase in production costs as a disadvantage of scheme participation. Most Dutch farmers said that the costs for certification, control and salmonella monitoring were the cause of the increase in production costs, while poultry farmers from the free-range outdoor or organic schemes considered production restrictions as causing higher costs. A few Norwegian farmers mentioned that the implementation of the KSL requirements caused too high costs. Swedish poultry farmers generally thought that scheme participation had not influenced their costs of production, or only slightly increased. Still, half of the Swedish organic farmers complained about cost increase, although some considered the price premium as a compensation.

11.3.4 Transfer Cost

Poultry farmers from the Netherlands, Sweden and the United Kingdom were asked about costs to transfer into the quality assurance scheme. In the Netherlands, most poultry farmers did not feel that they had to make costs to be accepted into the scheme. The farms

either complied with the specifications and no adjustments needed to be made or the farmers had built their farm to comply with the specifications of the scheme right from the start. In Sweden a bit less than half of the farmers did not experience any or only minor transfer costs while other farmers mentioned that they had to make some costs to adjust their farm. Among the organic poultry farmers it was the opposite, a bit more than half of the organic farmers did not have transfer costs but the others had costs to adjust their farm. In the United Kingdom, an increase in costs, partly due to the transfer costs, was seen as main disadvantage of participating in a quality assurance scheme.

11.3.5 Market Position

Farmers were asked if quality assurance scheme improved their position in the market, either by market access or premium prices. In France broiler farmers from the CCP-scheme or with outdoor production agreed that the scheme improved the market position of the farmers. In Italy the poultry farmers thought that a better price, a more reliable buyer and specific marketing channels were the advantages of working in a quality assurance scheme. Also the farmers from the United Kingdom saw the increase of their market access as the main advantage of quality assurance schemes.

In the Netherlands, about half of the poultry farmers said that their participation in a quality assurance scheme had not improved their position in the market. At most, it had helped to maintain their position in the market. The other poultry farmers thought that they had gained market access or received a premium price.

In Sweden, the broiler farmers were most convinced that the Svenska Fågel label improved their position in the market, whereas the laying hen farmers did not think that the quality assurance schemes altered their market position. The Swedish laying hen farmers remarked that the large retailers in Sweden used their own labels, which rendered products anonymous and made it impossible for the Swedish consumer to make a deliberate choice for certain products. Among the organic poultry farmers some farmers said that the quality assurance scheme gave them a premium price and the distinction of being able to sell their products as ‘organic’.

11.3.6 Control Regime

The farmers in most schemes and in most countries were controlled and certified by an independent certification body. Usually a farm was audited once or twice a year, mainly on the farms’ administration and also on practical matters like the feed and housing for the animals. The Norwegian KSL scheme and the Swedish MHS scheme work mainly with a self-control system where farmers audit themselves. Generally farmers were content with the control system and thought that the control system was useful to provide guarantees to buyers and consumers, to uphold a certain level of quality, to keep the farmer alert and to prevent company blindness.

Few farmers were able to appoint weak points in the control system. Some mentioned the inefficiency of having multiple controlling agencies often inspecting similar points. Others referred to the variable competency of different inspectors. Some farmers felt that the inspections were more focussed on paperwork than on the actual conditions and animal welfare on the farm. A few farmers would welcome more and better feed back from the control system, especially about the checks for salmonellas and about the quality of their production. Other points for improvement were: control without entering the stables to prevent the spreading of transmittable diseases, and to pay for the time actually spent on the farm instead of a standard tariff to enhance efficiency and reduce costs.

11.3.7 Improvements of the Scheme

Farmers across countries would welcome quality assurance scheme to improve the efficiency of their control regime. Where it came to the toughness of the control regime farmers differed in opinion; some farmers wished for more or stricter controls or wanted controls to be unannounced. Others wanted less or more flexible controls.

When asked about more specific improvement of schemes and scheme regulations, French farmers referred to the feedback and communication between poultry farmer and the veterinarians or staff from egg packing stations or slaughterhouses about the quality of the products. Some made remarks on practical specifications such as providing shade in outdoor runs, keeping other animals in the runs or setting up more chickens at the start of the rearing period to compensate for subsequent mortality.

In the Netherlands and Norway, poultry farmers made remarks about the complexity of the specifications. Some Dutch poultry farmers suggested that the experiences and knowledge of poultry farmers should be used when new specifications were designed. Some Norwegian poultry farmers mentioned that they would like to have a simpler questionnaire.

In the Netherlands and the United Kingdom, poultry farmers talked about conflicting specifications when farmers operated in more than one scheme. In the Dutch case this was often between schemes from the Netherlands and Germany, in the United Kingdom conflicts occurred between British schemes. UK farmers suggested that there should be one general scheme covering all schemes even across different sectors. Swedish farmers proposed that schemes should cooperate and coordinate control In this way contradicting specifications could be solved, dual registrations and transaction costs avoided, and number and time for inspections could be reduced. In addition some Swedish farmers suggested that schemes could present statistics about average scores and changes in time in order to allow farmers to compare themselves with others.

11.3.8 Future

In the Netherlands, Norway and the United Kingdom we asked farmers how they expected quality assurance schemes to develop in the future. The Dutch poultry farmers believed

that quality assurance schemes would become more internationally oriented and expected that a European quality assurance scheme might be established. Some laying hen farmers thought that nothing would change, while some broiler farmers expected scheme specifications to become stricter. Dutch organic egg farmers worried that the distinction between regular and organic products might diminish due to the establishment of large organic egg producers. They feared that this would harm the image of organic production.

Many of the Norwegian poultry farmers were sceptical about the establishment of quality assurance schemes with a focus on animal welfare, mainly because they did not believe in product differentiation. In their view the Norwegian market was too small for product differentiation. Moreover, they expected consumers to be confused by product differentiation. This objection to product differentiation was strongest among laying hen farmers with cage production, while the organic producers were more positive. The latter group already used the logic of product differentiation by selling their products under the label 'organic'.

In the United Kingdom, farmers believed that quality assurance schemes would become compulsory for the entire sector in the future. The farmers also thought that the specifications would become stricter and that animal welfare standards would increase. The poultry farmers participating in the Freedom Food scheme feared that their scheme may cease to exist because the Freedom Food logo was less used on their products. Organic farmers hoped that their scheme would remain the same.

11.4 CONCLUSION

Poultry farmers differed in the perceived necessity to engage in a quality assurance schemes. Poultry farmers in the Netherlands, Norway, Sweden and the United Kingdom considered scheme participation as a prerequisite for entering the market, sometimes simply because it was part of their contract with the egg packing station or slaughterhouse. French and Italian poultry farmers saw scheme participation as a market opportunity or a chance for more economic benefit. Besides Dutch farmers considered schemes participation as a chance for market expansion, whereas it appealed to Norwegian and Swedish farmers also in its function of management and control tool. In the United Kingdom, one scheme offered a contingency plan for farmers in case of the outbreak of influenza which also motivated farmers to step in. In France, due to the long history of 'Label Rouge' for chicken and consumer demand, some farmers also expressed an ethical concern.

Across countries farmers were most constrained from participation by their distrust in the financial viability of quality assurance schemes, a conflict between the scheme specifications and a farmer's general idea of good farming and practical difficulties with

the implementation of scheme specifications, among which also resulting problems to sell products at the farm gate and directly to the consumers.

In addition farmers experienced country-specific barriers. In Norway the concept of product differentiation met resistance with the farmers. Norwegian farmers found it odd to ensure animal welfare standards for a particular group of animals and not for all. Besides, the Norwegian market was too small for product differentiation in their view. Swedish farmers saw the anonymous sale of meat through retail labels that give no information on the meat's origin as a barrier. In the United Kingdom farmers did not belief that scheme participation would indeed increase animal welfare on the farm. A few even thought that quality assurance schemes were nothing more than: 'a supermarket public relation exercise sponsored by farmers.'

In general, scheme specifications were not experienced as restricting farmers in their freedom to manage their own farm. The impact was considered as low or farmers felt that taking part in the scheme had been their own choice. Others said that they would do the same even when not specified in the schemes, simply because it was the best thing to do, resulting in the best production results.

But there were also differences between countries. Whereas French, Italian and Norwegian farmers complained about an increased administrative workload, Dutch and Swedish farmers did not to the same extent. The experience of increased production costs varied across countries, and within countries across schemes without a clear cut relation between the two. Those farmers who saw their production costs raising were generally the ones who needed more space, outdoors or indoors in order to comply to scheme specification. As a result they needed to make considerable investments at which point faith in the financial viability of the scheme was important and related to that the perceived risk of non-remunerative investments and financial losses. The situation was similar when we asked farmers about their improved market position. In some countries some farmers in some schemes considered their market position as improved but others did not feel that way at all. Again there was no clear relation with specific countries and/or specific schemes. Farmers who saw their market position had improved, had either found a more reliable buyer or gained access to a specific market or received a premium price. Other farmers argued that it was more a matter of maintaining their market position.

The farmers were generally satisfied with the control system and believed that exerting control and reassuring consumers and buyers was one of the useful functions of a quality assurance scheme. Many, however, believed that the efficiency of scheme control could be improved. Other points for improvement were better feedback to farmers about the quality of their production and more congruency between specifications of different schemes.

12

FARMERS' PERCEPTIONS OF ANIMAL WELFARE

This chapter reports on farmers' perception, evaluation and assessment of animal welfare and their readiness to adapt farming methods in order to improve the welfare of their animals. As part of that the researchers in some countries also discussed with farmers about their more general notions of good farming practices and their relationship with animals.

12.1 GOOD FARMING

12.1.1 Definition of Good Farming

We asked farmers in France, the Netherlands, Norway and Sweden which characteristics they considered important for a good poultry farmer. Many farmers replied that good farmers needed to be observant and capable of detecting the condition of their animals shortly after entering the stable. For this farmers needed to have good sensory skills: their eyesight, hearing, olfactory and tactile senses.

Following the French farmers a poultry farmer needed to be observant, attentive and able to anticipate problems. This was considered especially important for broiler farmers. In addition good farmers should be sensitive to the animal's behaviour, especially when working with outdoor or organic production systems. Good farmer should like to work on a farm and able to master the farm on a technical level. Some French farmers said that a good farmer was thorough in his/her work, meticulous and clean.

Dutch poultry farmers generally stressed that good farmers took good care of their animals. In order to do so farmers needed to be very observant of their animals. He or she should achieve good results on his farm, both technically as financially. The latter was most often mentioned by broiler farmers. For many farmers this was connected to a farmer's ability to observe and take good care of his/her animals. In addition love for the craft of poultry farming and having entrepreneurial skills was considered important.

Some Norwegian farmers remarked that it was difficult to tell which characteristics made a good poultry farmer because the practice of farming was changing so much. Many farmers answered that farmers had to be interested in what they were doing, liking what they were doing and eager to learn more. Good farmers had good production results in their view and could live on farm income. Thirdly farmers needed to take good care of the animals. In some cases the farmers extended this characteristic to taking care of the farm land, the houses or the farm as a whole, saying that a good farmer used the resources s/he had and managed the farm for future generations.

Swedish laying hen farmers thought that a good poultry farmer had to be observant and able to tell how the hens were doing by seeing, hearing, smelling and feeling them. They also thought that a good farmers overlooked all processes on the farm and their affect on production. He or she had great interest in animals and took good care of them. The Swedish broiler farmers stressed that taking good care of the animals and having control of production processes were important characteristics of a good poultry farmer. Alike the laying hen farmers they also mentioned a great interest in animals and the ability to detect the conditions of the animals by using their senses.

12.1.2 Farmer's Priorities

We also asked farmers to rank five different aspects of farming. The five aspects were (in alphabetical order): Animal health, Animal welfare, Economic and financial result of the farm, Environment and Food Safety. Farmers were asked to score each aspect as: Very important, important, Neutral, Unimportant or Very unimportant. Most farmers considered this a very difficult choice as all these aspects were considered important and interrelated. According to the farmers, animal welfare was important for animal health, which again impacted on the economic result of the farm by increasing the animals' performance and by reducing the costs for the veterinarian. In addition animal health/welfare affected food safety in their view because of medicine residues but also bacteria transmission and hygiene. Having said this, farmers started scoring the farming aspects.

We weighed the score from 5 (Very Important) to 1 (Very Unimportant) and calculated the average score per aspect. By comparing the average scores it is possible to rank the farming aspects. This gives a rough indication of differences between farmers from different countries. The ranking of the five different farming aspects and the average score per country is summarized in Table 12.1.

While interviewing the farmers Avian Influenza broke out in several countries in the EU. This certainly influenced farmers' responses and probably explains why animal health ranked so highly. It is, however, impossible to measure its influence. Overall we can say that farmers considered all aspects as important; practically none of the farmers qualified them as 'Unimportant' or 'Very Unimportant', also because they were all considered to be interrelated. The same was true in the other case-studies.

TABLE 12.1 Average rank of the farming aspects animal health, animal welfare, economic farm result, environment and food safety per country.

Rank	Italy*	France	Netherlands	Norway	Sweden	United Kingdom
1	Animal Health	Economic result	Animal Health	Animal Health	Food safety	Animal Health
2	Economic result	Sanitary safety**	Food safety	Food safety	Animal welfare	Food safety
3	Animal Welfare	Animal Health	Economic result	Animal Welfare	Animal Health, Economic result	Economic result
4	Food safety	Environment	Animal Welfare	Economic result	Environment	Animal Welfare
5	Environment	Animal Welfare	Environment	Environment		Environment

Notes: * in Italy, farmers were asked to rank the five farming aspects instead of scoring them; ** in France, the farmers weren't asked about food safety but about sanitary safety in general.

12.2 RELATIONSHIP WITH ANIMALS

Poultry farmers described their relationship with animals in a fairly similar way across the six countries. It was also impossible to detect clear differences between quality assurance schemes or production systems.

Some farmers found it difficult to describe their relationship with the animals. Often they compared their relation with poultry with their relation with other animals, livestock animals as well as pets. They described their relationship with them as much closer and more personal compared to their relationship with poultry.

They generally had no relation with individual chicken but related with the flock as a whole. There were far too many animals on the farm to relate to them individually; in addition the animals stayed on the farm only for a very short time, especially broiler chicken.

But although farmers generally could not tell the difference between each and every hen or broiler, they saw differences between groups of animals from different breeds, different breeders or between different rounds of animals. And despite the lack of a personal relationship with individual animals, poultry farmers felt responsible for the animals and considered it important to take good care of the animals.

Some poultry farmers explained that poultry needed to be looked after more intensively than other livestock in terms of monitoring the animals, especially broilers as they were more vulnerable in terms of injuries and diseases. As a result poultry farmers felt connected and committed to their animals, although they did not talk about a personal relationship or an emotional bond.

Compared to laying hen farmers broiler farmers described their relationship with animals more often as a professional one. They enjoyed working with their animals, especially during the first weeks of the rearing period. When the broilers had reached a certain age and a certain size, the work became even unpleasant to some of the farmers. Other farmers described the animals in terms of production factors, not animals.

A minority of farmers described their relationship with the animals as a close and personal relationship. They were specifically drawn to poultry, preferred birds and working with birds above working with other livestock animals.

12.3 ANIMAL WELFARE

12.3.1 Definition of Animal Welfare

We asked farmers what animal welfare was in their opinion and how they would define it.

From the answers of the poultry farmers several definitions could be identified, however many farmers combined multiple aspects when defining what good animal welfare meant to them. The most general definition was that good animal welfare meant that the animals were doing well or were fine or as fine as possible.

The preconditions for 'being fine' was often specified by referring to other issues, such as good living conditions: enough good quality food and water, good ventilation and temperature or a good micro-climate in the stable, good quality litter and a dry environment, light and enough space for the animals.

Some farmers considered the farmer's care and tending to the animals as the most important precondition for ensuring animal welfare. A farmer should have good routines, carefully inspect the animals and nurse them.

Others defined animal welfare by the animal's ability to produce well. These farmers either saw high levels of production as an indicator for good animal welfare or thought that a good level of animal welfare was a precondition for high levels of production. A few farmers connected animal welfare with a good hygiene and health of the animals.

Some farmers defined animal welfare by the animal's opportunity for expressing natural behaviour. Others disagreed and emphasized that being safe from feather pecking and from stronger stable mates and to be free from pain and suffering was more important than the freedom to express natural behaviour. Some poultry farmers pointed out that an animal's welfare would always be restricted by economic or production-related conditions.

How farmers defined animal welfare and which aspects of animal welfare they considered most important, was related with their production systems and the accompanying quality assurance scheme. As a result there was also a link to the country of production as farmers tended to refer to specific actions or living conditions, as provided for by specific production systems, more frequent in specific countries. In France, the Netherlands, Norway, Sweden and the United Kingdom, it were mostly poultry farmers from free-range or organic schemes who emphasized the benefits of outdoor access or the ability to express natural behaviour for animal welfare. In Norway and the United Kingdom farmers with battery cages were overrepresented among those who pointed to the benefits of providing safety and security and the importance of a clean and healthy environment.

The conditions or production system that farmers worked in, hence, influenced their frame of reference and their ideas about what is best for animal welfare. This was also the case among pig- and cattle farmers.

12.3.2 Most Important Aspects of Animal Welfare

Besides the open question about animal welfare, farmers were asked to list their top three out of the following ten aspects of animal welfare:

- freedom of prolonged hunger, thirst or malnutrition;
- physical comfort and safety;
- absence of injuries;
- absence of disease;
- absence of pain;
- the animal can perform normal/natural social behaviour (e.g. grooming, huddling for warmth);
- the animal can perform normal/natural other behaviour (e.g. play, exploration, foraging);
- good human-animal interaction;
- absence of fear and stress;
- something else: …

The aspect that a farmer put first, received the weighing factor 3, the aspect in second place, weighing factor 2 and the aspect in third place, weighing factor 1. By calculating the average weighing score for each aspect, the animal welfare aspects could be ranked for each country. Most farmers pointed out that choosing a top three was difficult as all ten aspects were important for animal welfare and interrelated; some farmers refused to put the animal welfare aspects in order or were unable to make a choice. Table 12.2. represents the ranking of the animal welfare aspects by the farmers who were able to choose between the animal welfare aspects.

TABLE 12.2 Ranking of aspects of animal welfare: freedom of hunger, physical comfort and security, absence of injuries, absence of disease, absence of pain, natural behaviour, social behaviour, human-animal interaction and absence of stress per country.

	Italy*	France	Netherlands	Norway**	Sweden	UK***
1	Absence of climatic and physical stress	No hunger	No hunger	No hunger	No hunger	No hunger
2	No hunger	Absence of disease	Absence of disease	Absence of disease	Absence of disease	Physical comfort
3	Absence of injuries and	Absence of stress	Absence of stress	Absence of pain	Social behaviour	Absence of disease
4	Absence of pain	Physical comfort	Social behaviour	Absence of stress	Human-animal interaction	Absence of injuries
5	Absence of fear	Absence of injuries	Human-animal interaction	Absence of injuries	Physical comfort	Social behaviour
6	Natural behaviour	Normal behaviour	Absence of pain	Social behaviour	Absence of pain and Absence of stress	Absence of pain
7	–	Absence of pain	Absence of injuries	Natural behaviour		Natural behaviour
8	–	Human-animal interaction	Physical comfort	Human-animal interaction	Natural behaviour	Positive emotions and Negative emotions (absence of stress and fear)
9	–	–	Natural behaviour	–	Absence of injuries	
10	–	–	Something else: Happiness	–	Something else: Good economy is necessary to ensure animal welfare	Human-animal interaction

Notes: * in Italy, farmers were asked to rank these five aspects of animal welfare instead of selecting a top three from ten different aspects of animal welfare; ** in Norway the aspect of 'Physical comfort and security' wasn't in the list of animal welfare aspects; *** in the United Kingdom the option 'Something else' was replaced by 'Positive emotions' such as comfort and excitement.

Most farmers put the freedom of prolonged hunger, thirst or malnutrition on the top of the list. This aspect was seen as a basic condition for rearing animals. If this condition was not met, farmers felt as failing in their duty to take care of the animals. Farmers from different countries put different aspects on different positions, often creating a mix of the absence of inconveniences as disease, injuries, pain or stress, and less ´vital´ conditions, such as physical comfort, the possibility to perform natural social or other behaviour and a good interaction between animal and farmer. The ability to express natural behaviour was divided in the ability to perform social behaviour (e.g. grooming, lack of feather pecking) and the ability to perform other behaviour (e.g. play, exploration, foraging). The poultry farmers regarded the opportunity for natural social behaviour as more important than the opportunity to play or explore.

12.4 ANIMAL WELFARE ON THE FARM

12.4.1 Importance of Animal Welfare

Generally farmers considered animal welfare to be an important aspect of farming. Poultry farmers from Italy, the Netherlands, Norway and Sweden were asked for the reasons why they believed animal welfare to be important. Many farmers believed that animal welfare was a precondition for achieving good production results and thus good financial results on their farm. In their view bad animal welfare diminished the health and productivity of the animals. Some Italian poultry farmers also believed that animals with high levels of animal welfare gave products with a higher quality. Dutch, Norwegian and Swedish poultry farmers said that good animal welfare was important for the image of the sector and to maintain consumers trust or the license to produce. Farmers also felt that they were responsible for their animals and ensuring a good level of animal welfare gave the farmers higher job satisfaction.

12.4.2 Assessment of Animal Welfare

Most farmers assessed the welfare of their animal by checking them regularly and observing them frequently. They looked for animal-based characteristics such as behaviour, appearance and productivity (some even the smell of manure), but also into environmental conditions.

In terms of behaviour it was considered important that the animals were alert and curious, without showing stress. The chickens hens should display a 'proud' posture. When a chicken would sit quietly and make itself small that was perceived as a bad sign. There should be no aggression or feather pecking. Laying hens in a free-range system or broilers should be evenly spread over the whole stable, huddling would indicate that the temperature was too low, when chickens would sit near the wall the temperature would be too high. When chickens would sit with their beak open, or flat on the floor with their wings spread out, this would also indicate that the temperature was too high. The sound that the chickens would make could also indicate good or bad animal welfare. Chickens should make an even sound, without high tones.

Farmers also looked at the appearance of the chickens. The condition of the feathers was mentioned by many poultry farmers. The feathers should lie smoothly and even against the body and should show good colour. The chickens should maintain their feathers, dust bathe and should be clean. The eyes, beak, combs and feet of the chickens should have a bright colour. Especially broiler farmers looked for foot lesions or other defects on the legs of the broilers and for blisters on the chest, which would indicate that the litter was of low quality.

A special characteristic, which was not mentioned by pig or cattle farmers, was the condition of the manure. Poultry farmers said that they could literally smell when something would be wrong with the chickens. The quality and the composition of the manure, and thus its smell, would change.

Production-based indicators for animal welfare were feed and water intake, both quantity and proportion, growth rate or egg production, egg quality and mortality rate. Especially sudden changes would indicate that something was wrong. When farmers mentioned environmental aspects they referred to them as preconditions for a good level of animal welfare, not so much as an indicator for animal welfare.

In terms of environmental aspects farmers mentioned the micro-climatic conditions in the stable, humidity, ventilation and temperature, the quality of the litter, the possibility for dust bathing, good quantity and quality of feed and water, the moving space for the chickens and the lighting. Farmers felt differently about lighting. Some farmers propagated the use of daylight, others preferred using dimmed light or red light.

12.4.3 Improving Animal Welfare

Most poultry farmers across countries considered the level of animal welfare on their own farm to be good. In the Netherlands and Norway, the laying hen farmers who used a battery cage system, were a little less convinced than the farmers with free-range or outdoor production systems. Among the Dutch farmers with cage systems there was a group who said that their level of animal welfare should be considered as average. In Norway some farmers with cage systems were ambivalent, saying that the level of animal welfare was good, considering the limitations of the cage system. One Norwegian farmer who used a cage system did not believe that the welfare of his hens was good.

We asked farmers if they had implemented certain practices that were not obliged by legislation in order to improve the welfare of their animals, or if they planned to do so. Many farmers said that they had installed practices or equipment on their farm to ensure that their animals were provided with good care.

Roughly two-thirds of the French farmers had made adjustments to improve the environment in the stable (mechanisation, equipment to darken the stables, sprinkler installation) or had added accessories (perches) to improve the comfort for the animals. In the Netherlands the organic farmers and one free-range farmer with outdoor production said that they paid extra attention to shelters or natural cover in the outdoor area. Some farmers paid special attention to animal feed, sometimes adding extra ingredients to prevent feather pecking. Other farmers tried to prevent feather pecking by working with light schemes or special lamps. Half of the Dutch broiler farmers made sure that their broilers had good, dry litter. A large group paid special attention to ventilation and temperature regulation. Some broiler farmers had invested in extra ventilation capacity or

in cooling equipment for the summer. A few broiler farmers had installed camera surveillance to be able to observe the animals more continuously.

In Norway the poultry farmers also mentioned that they paid extra attention to managing the environment inside the stable, providing good, dry litter and supplying the chickens with good quantity and quality feed and water. Most Swedish farmers had developed their farms technically to ensure animal welfare. Many broiler farmers in Sweden had fairly new stables and many laying hen farmers with cage productions had new, enriched cages. The organic poultry farmers said that the outdoor run that they provide for their chickens improved the welfare of the animals.

Although most farmers thought that the level of animal welfare on their farm was already high and that further improvements were not really necessary, many could mention possible improvements. They generally referred to measures that would improve the micro climate. French and Dutch wanted to improve the cooling of the stables, while Swedish farmers talked about better heating. Some Norwegian and Swedish spoke about dust and litter problems that they would want to solve and about their wish to spend more time with the animals. Some Norwegian farmers would like to improve air circulation. Farmers with an outdoor run, often mentioned that they would like to have more natural covers in the run, providing more shelter for the chickens. A few farmers from the United Kingdom would like to have drainage in the run.

12.5 KNOWLEDGE OF ANIMAL WELFARE

Most farmers evaluated their own knowledge of animal welfare as 'good', or at least as 'sufficient', and did not feel that they needed extra information. The farmers who wanted to have more knowledge, mentioned the following topics: the prevention of animal diseases, prevention of feather pecking, animal behaviour, animal nutrition, optimal stable climate, ventilation and stocking density. Laying hen farmers with new housing systems would like to receive more information about how to improve their production results. Some Swedish farmers pointed at the need for better education in poultry. This has to be understood within the specific context of Sweden where there are no specialised poultry courses at high school or university level; only the branch organisation offer short poultry courses.

Farmers received information from various sources. Formal sources were extension services or poultry specialists from contractors, breeding company, hatchery, slaughterhouse or feeding companies, farmers' associations, professional magazines and courses. In Sweden the ordinary local veterinaries did usually not have much or any knowledge about poultry (egg and poultry meat production) according to the producers. They generally contacted feed suppliers, breeders and branch organisations for

information. They also contacted and consulted veterinaries from the SVA (National Veterinary Institute) when they experienced problems. More informal sources were contacts with other farmers, a farmer's own practical experience and the internet.

Few farmers spontaneously mentioned the veterinarian as a source of information on animal welfare. When specifically asked about the role of the veterinarian as information source for animal welfare, they responded differently. Especially farmers from the United Kingdom considered the advice of the veterinarian to be sound and helpful, although the farmers mostly referred to advice on animal health. In Sweden especially the non-organic broiler farmers recognised the importance of the veterinarian for animal welfare. In Norway the veterinarian was not seen by many as very central person in giving advice on animal welfare of chickens and laying hens. Although some consulted the veterinarian, some told that the veterinarian was rarely consulted to cure one sick chicken and thus the veterinarian had little chance to expand his knowledge. A few Norwegian farmers felt that they were more knowledgeable on the subject than the veterinarian. The farmers from Italy and the Netherlands mainly recognised the role of the veterinarian as advisor for animal health but not animal welfare.

12.6 CONCLUSION

There was no clear cut difference across countries, poultry sector, production system or quality assurance schemes for what regards farmers' perception of animal welfare.

Poultry farmers, across countries, generally agreed on what characterised a good poultry farmer. A good poultry farmer needed to be observant and able to detect the condition of the animals by way of his/her sensory skills. Such capacities were considered essential for being able to take good care of the animals and, hence, good farming. Good poultry farmers should also be technically skilled and able to control the farm and production system in order to reach the highest quality standards. Besides a farmer should have entrepreneurial skills to ensure that good economical results were achieved and he/she was able to earn a living with the farm. Norwegian farmers remarked that the ever changing practice of farming made it difficult to tell which characteristics make a good poultry farmer.

Generally the relationship between poultry farmers and their animals is one of commitment although they did not relate to individual animals but rather the flock as a whole. Most of the farmers did not speak of a personal relationship either and did not experience emotional bonds. But although they could not tell the difference between each and every animal, farmers could distinct between different groups of animals from different breeds, different breeders of different rounds of animals. And despite the lack of a personal relationship, poultry farmers felt very responsible for their animals and underlined the need to look

after poultry intensely as they were perceived as more vulnerable compared to other livestock animals.

Most farmers gave a multi-facetted definition of animal welfare. The living conditions were considered as one of the most important aspect, referring to a good microclimate in the stable, with the correct temperature, ventilation and humidity, enough feed and water of a good quality, a good quality litter and a dry environment and enough space for the animals. In addition farmer should carefully and regularly inspect his animals and nurse them. Some considered the opportunity for expressing natural behaviour as important but others disagreed as they found safety from pain and injuries as more important but endangered by natural behaviour.

The issue of feather pecking may serve as an example here as it also demonstrates the link to specific production systems and their prominence in specific countries. Generally, French, Dutch, Norwegian, Swedish and British farmers with free-range or organic production system considered the opportunity for expressing natural behaviour as an important aspect of animal welfare. Especially farmers working with cage systems in Sweden, Norway and the United Kingdom emphasized the benefits of providing safety and security and a clean environment.

Generally poultry farmers recognised animal welfare as an important aspect of farming. For many farmers good animal welfare was seen as the basis for good production results. Bad animal welfare would endanger health and, hence, the productivity of animals. Some Italian poultry farmers believed that higher level of animal welfare gave higher quality products. In the Netherlands and Sweden good animal welfare was also considered to be important for the image of the sector, to maintain consumers' trust and the sector's license to produce.

Farmers used a range of indicators for checking the welfare of their animals, based in the animal's behaviour, appearance and productivity, or the living conditions for the poultry. They generally agreed on the type of indicators to use irrespective of the country, production system or quality assurance scheme.

Most poultry farmers considered animal welfare to be 'fine' on their own farm. A few Dutch farmers with battery cages judged the level of animal welfare as 'average'. Some Norwegian farmers with cages were ambivalent about the state of their animals; they considered is a s 'good' within the limits of a cage system. Many farmer had made improvements on their farm to accommodate animal welfare. They generally referred to a better microclimate and comfort for the poultry. Farmer with an outdoor run often constructed shelters or natural covers in the outdoor area. Some laying farmers paid special attention to animal feed or to the lighting in order to avoid feather pecking; broiler farmers mentioned the quality of the litter. Many farmers saw no need for further improvements. But when the farmers talked about their wish list for improvements they focussed on improving the microclimate inside the stable, or better conditions in the outdoor area. Some Swedish farmers would like to solve problems with dust in their stables.

According to most poultry farmers their own knowledge of animal welfare ranged from 'sufficient' to 'good'. Some farmers would like to know more about the prevention of animal diseases, the prevention of feather pecking, animal behaviour, animal nutrition, optimal stable climate, ventilation or stocking density. Farmers who recently had switched from cage system to a free-range system would like to have more information on how to improve their production results.

Most poultry farmers received information about animal welfare from their contractor, breeding organisation, egg packing station or slaughterhouse. Other sources were specialised agricultural media, farmers' associations or their own practical experience or that of their colleagues. The veterinarian was rarely mentioned as an expert of animal welfare spontaneously by the poultry farmers. For most farmers the veterinarian was mainly an information source for animal health, not welfare.

13

FARMERS' PERCEPTIONS OF ANIMAL WELFARE LEGISLATION

This chapter reports on farmers' knowledge of national and European legislation, their perception of the legislation and their readiness to accept additional measures.

13.1 KNOWLEDGE OF ANIMAL WELFARE LEGISLATION

We asked farmers how well they knew current animal welfare legislations, both at the national and the European level. Most laying hen farmers thought that they were well at height of national animal welfare legislation whereas broiler farmers felt generally less knowledgeable. In Sweden there was no difference between the two groups as most of them evaluated their knowledge from 'not in detail' to 'rather well'.

That there was a difference in most countries is not surprising as there is no specific legislation for broilers, whereas animal welfare legislation for laying hens had several major revision among which most recently the ban of un-enriched cage systems. Many farmers confused animal welfare legislation with the specifications of their quality assurance schemes. Comparing across production systems and quality assurance schemes, we found that farmers working with alternative systems felt less certain about their knowledge of legislation. They knew how to comply with the animal welfare specifications of their quality assurance scheme and assumed they would comply with the law in this way too. Most farmers felt less knowledgeable about EU regulations for animal welfare than about national regulations.

Poultry farmers used various sources for getting informed about animal welfare legislation: the government, controlling agencies, farmers' organisations, professional magazines, media, internet and talks with colleagues.

13.2 EVALUATION OF NATIONAL AND EUROPEAN REGULATIONS

In France, Sweden and the United Kingdom, most farmers were satisfied with current national legislation, although in France and the United Kingdom a few laying hen farmers felt restricted by legislation. In France, a few felt restricted by previous legislation but not by future legislation.

In Sweden the battery cages are prohibited by the Swedish legislation since 1988, but an exemption was made for producers reaching certain scores in Svenska Äggs djuromsorgsprogram until April 2003 (after that 30 egg producers have been reported for infraction of legislation because they still used old cages). Also the change from a relative closed market in Sweden to an opened market with focus on low prizes and three dominant retailers ruling the market was mentioned as a problem. Although many producers were in favour of Swedish legislation, many accentuated that their higher production costs made in difficult to compete in the market. To facilitate the situation in animal production the farmers wanted politicians to avoid making too sudden and short term decisions.

British farmers were more concerned about the implementation and monitoring of legislation than the legislation itself. A large proportion of the Italian farmers felt too little informed about legislation in order to evaluate it. Of those who felt knowledgeable enough, almost two-third approved the legislation, at least partly. Dutch farmers were divided in three large groups. The largest group agreed with the legislation, although some measures could be improved in their view such as the provision of keeping poultry indoors during spring and autumn. The other two groups of Dutch poultry farmers either considered legislation as too strict, mainly farmers with free-range indoor systems, or too weak – all of them organic laying hen farmers. In Norway about half of the farmers felt troubled or ambivalent about the legislation for the welfare of laying hens, especially about the upcoming ban on (un-enriched) battery cages. Many of these farmers felt that legislation changed too rapidly and that the accompanying need for large investments would force farmers to end their production. Some of these farmers doubted if the free-range system would actually improve animal welfare. They worried about the occurrence of feather pecking and cannibalism in the free-range system. In France about two thirds were aware of the upcoming ban on the battery cage system. Half of these farmers shared the worries of the Norwegian farmers.

Broiler farmers worried most about the discussions at EU level on stocking density. They feared that the proposed reduction in stocking density would increase the production costs and decrease their income.

In all countries, more than half of the poultry farmers thought that national and European standards for animal welfare differed. Generally farmers believed that their national standards were stricter compared to European standards. Most farmers wished for equal standards throughout Europe to ensure fair competition. However, there were some

exceptions. A small group of Dutch broiler farmers argued that equal legislation was not desirable as it did not take national differences in production circumstances into account. They argued that stocking densities could be higher in the Netherlands than in southern Europe without compromising animal welfare because of the colder climate and the investments of Dutch farmers in climate control. About half of the Norwegian poultry farmers were in favour of a stricter Norwegian policy to ensure good welfare. In this way they wanted to secure farmers' good reputation among consumers which they considered essential for the survival of Norwegian agriculture. In their opinion Norwegian farmers could not compete on volume and quantities and therefore should focus on quality production. Swedish farmers agreed with uniform legislation in the EU, but disagreed about whether Swedish standards should be lowered or EU standard should be raised to the Swedish level. The famers who suggested to lower the Swedish standard did not believe that EU legislation would reach the Swedish level in a reasonable time. In the meantime the fierce competition would continue while some of the producers found themselves already in an economically very though situation. There was also a suggestion to having monitoring and control of animal welfare at an international level because some countries did not take agreements seriously enough according to some farmers.

13.3 ATTITUDE TOWARDS ADDITIONAL MEASURES

13.3.1 Ban on Battery Cages

EU legislation will ban the battery cage system in 2012. Laying hen farmers will be allowed to rear their hens either in enriched cages or in the free-range system. Because broiler farmers do not use cage systems, we asked only laying hen farmers about their opinion in this matter.

Across countries many farmers saw the advantages of a free range system although they also tended to defend their own production system. Farmers worried about the need for investments, raise of production costs and competition from other countries. They were also concerned about new problems with animal welfare because of for instance higher occurrences of feather pickings. Some tried to downplay the importance of changing system by referring to the ignorance of alternatives among individual chicken – a battery chicken did not know how to move freely and was therefore not suffering.

French and Swedish laying hen farmers generally considered the free-range system as better in terms of animal welfare irrespective of their own production system. Some Swedish farmers saw also disadvantages such as a higher mortality rate among the poultries and dusty environment, also for people working in free range system. Some

French farmers perceived the cage system as better for animal welfare as it prevented feather pecking and cannibalism.

In Norway and the Netherlands, the difference of opinion on the free range system was more clearly related to differences in production systems. Most Dutch farmers with a free-range system thought that the level of animal welfare in free-range systems was better than in battery cage systems. Only few of them thought that free- range or cage system made little difference for the individual chicken. Battery hens did not know better and therefore did not miss the freedom of movement. Some also wondered if freedom of movement would indeed add much to the welfare of the laying hens. Some farmers with battery cages thought that animal welfare was worse in free-range systems, mainly due to feather pecking and cannibalism. Even though most Dutch farmers agreed that a free-range system was better for animal welfare, they disagreed with a ban on (un-enriched) battery cage systems. Many of the farmers feared unfair competition because the market was not protected against the imports of cage eggs. The free-range farmers also feared a devaluation of the free-range eggs, when all eggs would become free-range. Others thought that the cage egg was safer and more hygienic. Others worried that the ban on battery systems would require considerable investments in more and larger stables. This would require a higher price for the eggs to compensate for these costs or they feared that a lot of farmers would be forced to close down their production.

In Norway most cage producers considered free-range systems as problematic because of feather pecking and cannibalism but also higher mortality rates, a higher level of ammonium in the air and resulting bad smell in the stable, as well as floor eggs. Like the Dutch farmers some Norwegian farmers thought that cage hens in cage would not know any better and therefore not miss the freedom to move. However, some Norwegian farmers with cage systems were critical of the cage system. In their view this system was not a natural way to rear laying hens although they would not described the level of animal welfare in this system as poor. Half of the Norwegian organic farmers were very critical of the cage system, describing it as 'factories' or even as 'cruelty to animals'. This opinion was shared by three non-organic farmers with free-range system. The other half of the organic farmers argued that Norwegian poultry farmer needed the cage system, because not all farmers could become organic farmers and because a cheaper alternative was needed in order to compete with the Eastern European countries. Many Norwegian farmers feared that the ban on the battery cage system would force farmers to close down their production.

13.3.2 Reducing Stocking Density

While this research was underway the proposal of the European Commission for new animal welfare legislation for broiler chickens was discussed. One of the main issues was to limit the stocking density for broilers, focussing on a limit of 38 kg/m^2. For laying hen

farmers the reduction of stocking density was brought up as a fictive measure to investigate their readiness to accept such a limitation.

Broiler Farmers

Again it appeared that some farmers in some countries argued in congruence with their own production system whereas others agreed with the need for improvement irrespective of their own system. Generally speaking farmers feared to lose out in market competition when more investment were required without assurance that such investments would be economically efficient.

Most French broiler farmers, irrespective of production system, thought that a reduction in stocking density would improve animal welfare. However, several farmers pointed out that reducing stocking density would have negative financial consequences. Some farmers believed that stocking density had little impact on animal welfare.

Most Dutch broiler farmers were not convinced of the necessity to reduce the stocking density for broilers. They argued that broilers had already enough space to move around, except for the last week before slaughter. Many farmers also thought that other factors were more important for animal welfare. Some farmers believed that a lower stocking density would negatively affect animal welfare – it would result in empty places that will lower air dynamics creating wet spots in the stable and, hence, problems with animal health and food safety. Some farmers said that because of the colder climate and the high level of climate regulation Dutch farmers should be allowed to have higher stocking densities than farmers in the South; to limit stock density made only sense in countries with a warm climate in their view. The regulations for stocking densities should therefore not be uniform as this would otherwise result in unfair competition.

Swedish legislation already limits stocking density for broilers to 20 kg/m^2; this can be extended to 36 kg/m^2 for the producers who participate in Svenska Fågel and have achieved the highest score in the scheme. Implementation of the EU proposal would, hence, alleviate density regulation. Most Swedish broiler farmers opposed a reduced stocking density for broilers. Some were unsure and others stressed the importance of having uniform requirements across Europe. Some farmers underlined that reducing stocking density would only be possible when consumers paid for their additional costs. The organic producers had even lower stocking densities with a maximum of 20 kg/m^2 or 10 animals per m^2. Most of these farmers stressed the importance of having sufficient surfaces to reduce bacteria and to abrade the surface.

In the United Kingdom, there was little doubt among broiler farmers that this measure was important. Most broiler farmers thought that the requirement was both feasible and desirable for animal welfare. Most farmers already complied with the new norm for stocking density.

Laying Hen Farmers

Most countries prescribe different stocking density rates. Farmers across countries had, hence, different standards and numbers in mind. Still they responded in a similar way. Generally laying hen farmers did not consider a reduction of stocking density as really necessary. In their view the current norms functioned well and ensured already a good level of animal welfare. Some organic farmers thought that reducing the stocking density would be a good idea, but only for the conventional farming systems. In general farmers feared that a reduced stocking density would increase production costs because they could keep fewer hens and would need to heat their stables. To compensate for this, they would need a higher price for the eggs, but they doubted if consumers were willing to pay for this.

Some farmers worried that lower stocking density would lead to more fighting and pecking. Others pointed at the need to increase heating when lower stock densities lead to lower temperatures. Some organic farmers said that a larger surface alone would not improve animal welfare. The hens would also need to have the possibility to move up on perches, and to withdraw and hide. In addition Norwegian and Swedish farmers pointed out that the allowed stocking density in their country was already lower than elsewhere in Europe.

13.3.3 Providing Outdoor Access

Laying Hen Farmers

In France farmers with outdoor runs were generally in favour of providing outdoor access, although some pointed at hygiene problems. In the Netherlands the opinion of farmers differed also within production systems. Some free-range farmers with outdoor production said that rearing hens outdoors and indoors had both positive and negative effects on animal welfare and they did not think that one method was necessarily better in terms of animal welfare. In their view the numbers of animals in conventional production systems was generally too high in order to use outdoor runs in a responsible manner. Also in Sweden organic farmers mentioned both advantages and disadvantages of outdoor runs. British farmers with outdoor production considered the use of outdoor runs both feasible for laying hen farms and desirable for animal welfare.

Overall laying hen farmers who already used outdoor runs, were positive about the effect of outdoor access on animal welfare, although they might appoint some disadvantages as well. Producers with outdoor runs generally mentioned the following advantages and disadvantages:

- freedom for the laying hens;
- fresh air;
- sunshine for the hens;

- better development of the natural behaviour of the hens;
- happiness of the hens in spring, when they can be outdoors again;
- to allow natural behaviour such as scratching in sand;
- more work;
- more risk for transmittable diseases like salmonella and the avian flu.

Laying hen farmers without outdoor production were generally sceptical about the effect of outdoor runs on animal welfare. The French farmers were different in this respect as most of them considered an outdoor run as beneficial even if they did not use them on their farms. Many of the Dutch in door producers thought that outdoor access would deteriorate the level of animal welfare because of the exposure to diseases and parasites. Some farmers felt that modern laying hens were not suitable to be reared outdoors.

Most of the Swedish farmers with indoor production did not want to use outdoor runs. They feared the risk of getting transmittable diseases like salmonella and avian flu. Some added that they had too many animals or too little land to let their animals go outside. The farmers also feared that outdoor systems would increase the work load and harm production. Yet, some Swedish farmers thought that outdoor runs were beneficial for animal welfare; they would be ready to use them if the extra work load and production costs would be paid for. British farmers with cage system were not willing to discuss the feasibility and desirability of outdoor runs for the laying hens in free-range systems.

Broiler Farmers

Like the laying hen farmers, those broiler farmers who already work with outdoor production, were positive about outdoor runs and their effect on animal welfare. Farmers who reared broilers indoors were sceptical. In their opinion modern broilers were too vulnerable to be reared outdoors. They also argued that the lifespan of broilers was too short. By the time the broilers were mature enough to go outdoors, it was nearly time to send them to the slaughterhouse. In addition the farmers feared the exposure to diseases (e.g. salmonella and avian flu) and parasites and the risks for food safety. In Sweden it would be very hard for broiler farmers to switch to outdoor production. Most Swedish slaughterhouses demand from their suppliers that they participate in the Svenska Fågel scheme; this scheme requires participation in the Voluntary Salmonella Scheme, which excludes outdoor production. A Swedish broiler farmer would, hence, need to find another buyer for his broilers before being able to switch to outdoor production. Some Swedish broiler farmers thought that outdoor broiler production could become an alternative way of production, provided that farmers were compensated for the extra time and work.

13.3.4 Ban on Beak Trimming

Beak trimming is an intervention where the tip of the beak is removed in order to prevent other hens from being injured when pecked. This is especially problematic in free-range systems where the number of interacting hens is high, which renders social orders less stable and increases the urge of for pecking. At the moment organic and free-range laying hen farmers discuss the necessity of de-beaking and the possibility to ban beak trimming.

The problem exists only among laying hens because broilers are slaughtered at a very early age, before problems with social order occur. In addition broiler breeds are generally less aggressive. We therefore asked only laying hen farmers about their opinion on the feasibility and desirability of a ban on beak trimming.

In Norway and Sweden de-beaking is already prohibited. We asked Norwegian farmers if they welcomed the practice of beak trimming as a preventative measure for feather pecking, but most farmers opposed. They considered it unnatural to change the animal in this way and to cut off the animal's emotions with de-beaking. They considered it an unethical practice and thought that the problem should be solved in another ways such as breeding, good management and better production systems. The Swedish farmers had similar opinions. The majority of the regular laying hen farmers thought that beak-trimming was unnecessary in a good working production system. Pecking could be avoided in another way, such as using certain light schemes, good feed and breeding. Organic farmers had generally no problems with feather pecking of cannibalism. They emphasized the importance of good light, feed and breeding and added that enough space per hen would also prevent pecking. In addition it would be important to give the hen something to do, like pecking in vegetables, shells, for worms, etc.

Most British farmers across schemes thought that it was feasible to ban beak trimming. They disagreed, however, about the question if a ban on beak trimming was indeed desirable on the grounds of animal welfare. Half of the farmers thought it was, the other half thought it was not.

In France and the Netherlands the most common opinion was that beak trimming was detrimental to animal welfare, but that it was a necessary evil to prevent worse animal welfare problems with pecking and cannibalism. Some Dutch farmers believed that a ban on beak trimming should be accompanied by measures to prevent cannibalism, such as lower stocking densities and the use of less aggressive breeds. Others thought that cutting the end of the beak should be banned, but that burning the tip to remove the sharpness should be allowed. Some farmers argued that the laying hens were not really bothered by beak trimming when it was performed carefully and at an age of 10 days.

13.3.5 Use of Slow Growing Broilers

Fast growing has been identified as a major risk for welfare of broilers. The problem could be solved by using a different breed of broilers or by breeding broilers with a slower growth rate. We asked farmers if they thought that the use of slow growing broilers would be feasible and desirable. There appeared to be considerable differences among countries.

The majority of the French broiler farmers agreed that it would be better for welfare to use slow growing breeds, referring then to a better proportionality between skeleton development and growth. A few farmers said that the problems had already diminished. Others pointed out that it was not only a question of breed but only of rearing conditions.

Half of the Dutch broiler farmers did not think that using slow growing broilers would be beneficial for the animal welfare. They again departed from the experience of individual chicken explaining that broilers were not aware of their rapid growth. They perceived the early death of broilers as a management problem and not a genetic problem. Others pointed out that the mortality rate during the first weeks of the rearing period was much higher than at the end of the rearing period. Therefore, they considered it as more important to focus on decreasing the mortality rate in the early stage of the rearing period. Only some of the Dutch broiler farmers thought that slow growing broilers would improve animal welfare.

Norwegian farmers were critical of the fast growing breeds used for broiler production, although they could see some advantages Many of these farmers were more content with the old hybrid which grew slower. They claimed that with the new hybrid not only the growth rate had increased, but also mortality. According to some Norwegian farmers the quality of the feed was not good enough to fulfil the genetic potential of the fast growing hybrids; this lead to more problems than the rapid growth potential as such.

This view was shared by some of the Swedish farmers who also considered feed a bigger problem than rapid growth. Only few farmers thought that it would be good to have slow growing animals because they lived longer and were more appreciated by consumers.

For most broiler farmers in Sweden, Norway and the Netherlands, however, the use of slow growing broilers was mainly a matter of economy. Many argued that if they were paid for the additional costs they would be more than ready to work with slower growing animals. Some farmers said that it would also become easier to rear broilers because there would be less pressure on the animals and the broilers would have a higher resistance against diseases. But most farmers did not believe that consumers would be prepared to pay extra for this poultry meat. Some farmers pointed out that poultry meat was treated as a discount product and that consumers were accustomed to cheap poultry meat.

13.4 CONCLUSION

In general laying hen farmers were more aware of animal welfare legislation than broiler farmers. This is not surprising as laying hen farmers have been confronted with major revisions of animal welfare legislation that will have important consequences for the practice of laying hen farming within the next five years. Many laying hen farmers had altered their stables or were planning to adjust their stables because of this. In the same time there was not yet specific animal welfare legislation for broilers in force during the time of the interviews. Notable was that farmers working with alternative systems felt less certain about their knowledge of animal welfare legislation; most of them concentrated on the animal welfare specifications of the quality assurance scheme that they were participating in.

In Italy, farmers did not feel knowledgeable enough to evaluate animal welfare legislation. Most of the French, Swedish and British farmers were satisfied with the current legislation. The same is true for most of the Dutch farmers although Dutch farmers with free-range indoor production considered legislation as too severe and Dutch organic farmers as too weak. About half of the Norwegian laying hen farmers felt ambivalent about the upcoming ban on battery cages.

Generally, farmers were more familiar with national than European legislation. In all countries about half of the poultry farmers thought that their national standards for animal welfare were stricter than the European standards. Most farmers preferred to have the same standards for the whole EU although a group of Norwegian farmers considered being ahead of European legislation as essential for maintain the trust of Norwegian consumers. Sweden farmers differed in their opinion about how to reach a uniform European level – by raising European standards to the Swedish level or by lowering Swedish standards. The latter resulted from the fear about ongoing 'unfair' competition during the long time the EU might need to reach the same level of legislation. A small group of Dutch broiler farmers felt uniform legislation as leading to unfair competition. They thought that a limit on stocking density should take national difference in climatic conditions into account.

When discussing various additional measures with farmers, it generally appeared that farmers responded in congruence with the production system and quality assurance scheme that they were already working in. Generally farmers were in favour of stricter measures that they already complied with and opposed those that required considerable changes and investments. But this was not always the case. Sometimes farmers recognized the need for improvement although they feared their financial consequences. Generally speaking this was the most important barrier for farmers' readiness to accept stricter measures – will they increase production costs and will this increase be compensated by higher prices.

The ban on battery cages was generally considered as a way of improving welfare by French and Swedish farmers. In Norway and the Netherlands the opinion of farmers

differed according to their own production system. Free-range farmers were generally in favour of a ban on cages whereas cage farmers saw many disadvantages in the free-range system. Generally Dutch farmers opposed a ban because they feared competition from outside the EU and a devaluation of the free-range egg that would loose its distinction in the market.

A reduction of stocking density was generally disapproved by laying hen farmers across countries. In their opinion the current norms for stocking density functioned well already and a further reduction would add little to animal welfare. They also feared the need for considerable investment that would probably not be paid back by a higher egg price. Some of the organic farmers believed that a further reduction made sense for conventional production.

Most of the French and British broiler farmers considered a reduction as beneficial for animal welfare, although they feared its negative financial consequences. Dutch broiler farmers considered a reduction of stocking density as unnecessary. Swedish farmers opposed a further reduction of stocking rates as they were already below EU standards.

When it came to outdoor access, most of the laying hen farmers with outdoor production welcomed its positive effect on animal welfare, although they also appointed some disadvantages of outdoor production. Laying hen farmers with indoor production mostly opposed the obligation of outdoor access for laying hen. Among the broiler farmers we saw a similar pattern. Broiler farmers with outdoor production were in favour whereas farmers with indoor production opposed. Farmers mainly worried about the exposure of animals to diseases and parasites and about the practical difficulty of creating an outdoor run.

The ban on de-beaking was received differently across countries. In Norway and Sweden the practice is already prohibited and the farmers did not desire to re-install the use of de-beaking. British farmers thought that it was possible to ban de-beaking, but were divided about its effect on animal welfare. The French and Dutch laying hen farmers regarded de-beaking as bad for animal welfare, but considered it a necessary evil in order to prevent worse animal welfare problems due to pecking and cannibalism.

The obligation to use slow growing broiler breeds was also received differently by farmers across countries. Most of the French broiler farmers agreed that it would improve animal welfare. The Norwegian farmers were critical about fast growing breeds and considered feed as most important problem in that respect. The Swedish and Dutch farmers did not believe that slow growing broilers would per se have a better animal welfare. In their view, bad management and feed were also causes to the problem. For most of the broiler farmers the use of slow-growing breeds was mainly a matter of economy. It would be easier to rear broilers but poultry meat would become more expensive due to the extra time and feed that was needed. The farmers doubted that consumers would be ready to pay extra money because poultry meat was generally treated as a discount product and consumers were used to cheap poultry meat.

14

ANIMAL WELFARE OFF THE FARM

This chapter describes how farmers thought about the level of animal welfare off the farm and during transport and at the slaughterhouse.

14.1 ANIMAL WELFARE DURING TRANSPORT

Most farmers expected that transport would be well regulated and that the welfare of animals would be sufficiently ensured. Most important in their view was the following: loading method, transport duration, stock density and climate management in the lorries. There was no clear difference across countries, production systems or quality assurance schemes.

French farmers knew little about how poultry was transported. About half of them believed that there were requirements for animal welfare during transport and that transporters would live up to them. The others thought that animal transport could be improved for instance by reducing the stocking density in the transport crates and duration of the transport and by better climate management in the lorries.

Most of the Italian, Dutch and British farmers were convinced that animal welfare during transport was ensured. According to the Italian farmers, transporters used modern trucks well equipped to guarantee the welfare of animals. British farmers were confident that transporters did their job properly. Some Dutch poultry farmers said that it was in the best interest of both the farmer and the slaughterhouse to make sure that the animals reached the slaughterhouse in good condition, and that this ensured animal welfare during transport. They underlined that transport had improved a lot over the last few years, especially through better methods of catching and loading the poultry. Catching and loading should occur in a quiet fashion, preferably in the dark and the stocking density in the crease should not be too high. Besides, ventilation and temperature in the truck were seen as crucial for animal welfare. Some Dutch poultry farmers thought that the conditions of animal transport were not good for animal welfare. These farmers complained about rough catching and loading of the animals as a result of time pressure.

In Norway about half of the poultry farmers were critical about animal transport. They were mostly concerned about the duration of the transport, transporting animals during cold days and temperature fluctuations during winter. Some Norwegian farmers were also concerned about the method of catching the hens. In their views this could be improved.

Swedish farmers were divided about the level of animal welfare during transport. Some thought it was well ensured, others did not know or thought that it differed per transporter and a fourth group thought that transport could be improved. As most important they considered good ventilation, short transports, low stocking density.

14.2 ANIMAL WELFARE AT THE SLAUGHTERHOUSE

Most laying hen farmers had never been to a slaughterhouse, whereas broiler farmers were a bit more familiar with slaughterhouse conditions. Most farmers thought that animal welfare was well ensured without clear distinctions between countries, production systems or assurance schemes.

Most of the Dutch, Norwegian and Swedish laying hen farmers assumed that animals were slaughtered in a humane and swift manner. The farmers referred to the modernisation of slaughterhouses, the many restrictions they had to comply with and the regular veterinary controls. About half of the Dutch broiler farmers also thought that animal welfare was ensured as slaughterhouses worked professionally, were highly mechanised and worked in a very hygienic way. Others believed that the slaughter process was very stressful for the broilers, especially when the animals were hung upside down before stunning with an electrical current. This should be changed in their view.

Swedish broiler farmers were satisfied with the new stunning method of gassing the broilers. Norwegian and Swedish farmers also discussed the alternative of slaughtering laying hens at the slaughterhouse versus gassing them at the farm. Because of the low economical value of the meat of laying hens, and the fact that Norwegian and Swedish farmers have to pay slaughterhouses quite a lot for slaughtering their hens, the gassing of hens in containers on the farm has become more and more common. After being killed the carcasses were destroyed. Some Norwegian poultry considered it an ethical problem that animals, which could be used for food, were now killed and destroyed for no purpose. At the same time Swedish farmers and some of the Norwegian farmers were critical about transporting hens to the slaughterhouse, when the meat had so little economic value. They would rather save the hens the stress of transport and kill them at the farm and the meat as fuel.

14.3 CONCLUSION

Poultry farmers in Italy, the Netherlands and the United Kingdom generally thought that animal welfare was ensured during transport. In their view the transporters worked professionally and used well equipped transport trucks. Catching and loading the animals was seen as the weakest and most critical point of animal transport. Due to stress and high targets for the loading crew, this was sometimes done in a rough manner.

In France, Norway and Sweden farmers were divided about the question whether animal welfare was sufficiently ensured during transport. Most of them did not really know al lot about how the animal fared during transport. About half of them expected everything to be okay, whereas the others thought that improvement was possible, for instance by reducing the stocking density in the transport crates and transport time, by taking care of good ventilation or acclimatised vehicles and by using better catching an loading methods.

Many farmers, especially laying hen farmers, knew little about the conditions in slaughterhouses, yet many assumed that the welfare of the animals would be properly ensured due to regulations and veterinary control. Some of the Dutch broiler farmers considered the slaughter process to be very stressful for the animals especially when the broilers were hung upside down for stunning with electrical current. In Norway and Sweden farmers stressed that they were very satisfied with the new method of gas stunning. Some Norwegian farmers were concerned with the trend towards gassing and destroying hens at the farm which they considered a waste of food, while Swedish farmers stressed the futility of transporting laying hens with very low economical value and the stress that the transport involved.

15

MARKET AND SOCIETY

15.1 FARMERS' PERCEPTIONS OF SOCIETY

15.1.1 Public Image

The public image of the poultry sector was discussed with Dutch, British and Norwegian farmers. Generally farmers were aware of societal critique towards the sector because of its intensive production methods. They knew that people worried about cage production and the extended production of broilers indoors. In the same time Dutch farmers for instance pointed out repeatedly that most people did not really know how the poultry sectors worked and had many misconceptions about the advantages and disadvantages of different production systems. British poultry farmers felt under pressure and continuous scrutiny by the press with regard to especially animal welfare. They tried very hard to rectify their image by paying more attention to animal welfare. Some Norwegian farmers thought that most people trusted Norwegian agriculture and had faith in the poultry sector as well. Others emphasized that the intensity of the sector and especially cage production was not evaluated positively by most people.

15.1.2 Farmers' Perceptions of Consumers

Most farmers thought that consumers were interested in animal welfare and preferred less intensive production system; at the same time, however, they would generally prefer the cheapest products. But there were also quite some farmers who did not believe that consumers were really concerned about the welfare of chicken. Most farmers expected that more information could increase interest among consumers. This could also be done by allowing consumers to visit farms although farmers worried about the increased risk of disease transmittance.

Comparing across countries, poultry sectors and production systems/assurance schemes revealed some interesting differences. In general farmers working in quality assurance

schemes with more attention for animal welfare had more confidence in consumers' genuine interest in animal welfare and their readiness to pay. In some countries this intersected with the prominence of such schemes in different subsectors.

In general Swedish broiler farmers had more trust in consumers' interest in animal welfare than egg producers; they had also experienced that the Swedish broiler scheme worked quite well and was well received among consumers. In the Netherlands this was the other way round. Egg producers expected consumers to be more interested in animal welfare and more ready to pay for it than broiler producers. Here animal friendly schemes were also more prominent in egg production. The same was true among farmers in the UK – egg producing farmers perceived consumer as more genuinely worried about animal welfare than broiler farmers. Dutch broiler farmers underlined that consumers were used to very cheap poultry meat as most retailers used this meat as a discount product. Norwegian farmers explained that consumers worried about cage production but also about the fast growth rate of broiler chicken and the welfare problems that would result from it. More generally, they underlined that consumers perceived the poultry sector as impersonal factory production with lots of animals.

15.1.3 Farmers' Perceptions of Animal Welfare Campaigners

Most farmers across countries respected animal welfare campaigners and welcomed their influence and ' watch dog function' . Dutch farmer underlined that they could really make a difference, for instance by convincing retailer to turn toward free range eggs. On the other hand farmers were very clear that their methods should not become violent and that freeing animals and destroying property could not be accepted.

15.1.4 Farmers' Perception of Government

Farmers wanted the government to inform consumers better about poultry production and the differences between countries. They should take care of uniform legislation across Europe and protect national markets from cheap imports from countries where animal welfare was less well taken care of. About half of the Dutch farmers wanted the government to leave it to the market how to take care of animal welfare. They wanted less rules and regulations and more freedom to solve the issue by themselves. Swedish farmers wanted the government to buy only Swedish products or products produced according to the Swedish legislation, and not to buy the cheap imported products produced in a way prohibited in Sweden. In addition they wanted the government to inform consumers better about the high quality of Swedish production. To make it easier to sell products on the local market but also to leave them 'in peace and quite' and not interfere to much. Norwegian farmers underlined the government's role as a regulator - issuing regulations

and following up with control. Others emphasized the importance of not issuing more regulations, and keeping the regulations on level with other European countries. Alike the Swedish farmers Norwegian farmers also asked for more stable regulatory conditions, less frequent and less unexpected changes. This would be most helpful in their view for allowing them to produce more animal friendly.

15.2 FARMERS' PERCEPTIONS OF MARKET

15.2.1 Farmers' Beliefs in Animal-friendly Labelling

Farmers were divided in their belief in animal friendly labelling. About half of them did believe, most often those already working in such quality assurance schemes. In some countries they were more prominent in egg production, with egg producers putting more faith in labelling. In other countries this was the other way around with broiler farmers having more confidence in the demand for animal friendly products, although many considered this to be a small niche market.

Swedish conventional broiler producers believed in animal welfare labels also because many of them already worked with such a label, that is working well and widely known among consumers. Egg producers had far less belief in such labels. Organic poultry farmers were generally convinced that an animal welfare label should work. Again the situation was the other way around in the Netherlands where laying hen farmers were more convinced about the possible success of such a label compared to broiler farmers. But also most of the egg producers worried about the actual amount of eggs to be sold in this way – most considered animal welfare as a niche market at best. Norwegian farmers were divided between those farmers who were sceptical about the market potential of animal welfare brands and those who felt that animal friendly labels were already working successfully or could have appeal (free range and organic products being overrepresented), either generally or in a niche market. Some farmers were against a specific animal welfare brand as it would imply that other brands were not produced according to high welfare standards. In Italy about two third of the farmers were optimistic about the success of an animal welfare label. Again there was a clear difference between broiler and laying hen producers. Almost all broiler farmers were convinced that an animal welfare label would sell whereas this was true for less than half of the laying hens producers.

15.2.2 Farmers' Perceptions of Retailers

Most farmers were suspicious of the retailers' genuine interest of animal welfare. They generally believed that retailers were first of all interested in making money. They would offer animal friendly products when consumers would ask for it but not out of concern with animals. They often underlined that retailers imported too many products from other countries where animal welfare regulations were much lighter. They experienced this as unfair as there production costs were lower as a result. When really interested in animal welfare they should invest much more in information and promotion. In addition they should refrain from import and instead pay a fair price to producers in their own country.

In this regards there were hardly any differences between producers across countries, production sector or system.

Swedish farmers were generally quite dissatisfied with retailers who were perceived as having gained too much power due to concentration and scale enlargement. In their view retailers had double standards with regard to animal welfare: they argued in public for and demanded good animal welfare from the producers, but in practice they were mainly interested in having cheap products and earning money. Dutch laying hen farmers thought that retailers should pay a fair price to the sector, decrease their margin on such products and sell animal friendly eggs at a lower price. In addition they should inform consumer better and promote animal friendly products more effectively. Most broiler farmers did not believe that retailers really wanted to support animal friendly production. In their opinion support of the retailers would only last as long as they could earn extra money with animal friendly products. British farmers were especially disappointed that some retailers accepted to import products from countries (including some in the EU) which were considered to produce to lower standards than those in the UK. Whereas laying hen farmers believed in the strong role of retailers in pushing animal welfare through paying different prices for differently produced eggs, most broiler producers saw retailers particularly driven by profits and less concerned about the welfare of birds. Following Norwegian farmers retailers were mainly concerned with prices that most of them could dictate as a result of their power position. Italian farmers had no clear opinion on the role of retailers in animal welfare. Some believed that retailers could play a determinant role in promoting AW (mainly among broiler producers), others thought that retailers were not sufficiently interested in this issue. In their view retailers should pay a premium price to those farmers who respected animal welfare and selecting those producers for delivery to their stores.

15.3 CONCLUSION

There was little difference between farmers across countries for what concerns their perception of consumers and retailers and the potential success of an animal welfare label. In general there were two groups of farmers – those who believed in consumers' genuine concern with animal welfare and their readiness to buy animal friendly products as long as reasonably priced. They believed that retailers and government should give more information to consumers and educate them on the issue of animal production and welfare. In addition retailers should more effectively promote such products and make sure that they were not too highly priced. At the same time they should pay a higher price to producers in order to compensate for higher production costs and refrain from import of cheap and less animal friendly products from abroad.

Those farmers who were less optimistic, doubted that consumers were really interested in animal welfare as they tended to buy the cheapest products. They did not believe that information would make a lot of difference then. They were suspicious about retailers engagement as they perceived them as being mainly interested in maximizing profit – not compensating farmers for higher production costs and importing cheaper products from elsewhere, while in the same time offering some expensive animal friendly products to consumers.

Generally those farmers who were already engaged in animal welfare schemes, were among the most optimistic. They were for instance organic producers or those with free range production systems. Producers who were working with more conventional methods were generally among the more pessimistic ones. In the Netherlands laying hens farmers were generally more optimistic as a result of their experience with differently labelled eggs. In Sweden broiler farmers had more confidence in the potential success of such labels because of their positive experience with a scheme that is widely known by consumers.

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CONCLUSIONS

16.1 DIFFERENCES BETWEEN FARMERS ACROSS COUNTRIES

Generally there were little differences between countries although the countries represented quite different practises within the poultry sectors in terms of size, organisation and legislation. When country mattered, this was generally related to the prominence of certain sub-sectors, production systems and/or assurance schemes. Generally speaking, Norwegian and Swedish farmers were less convinced of improving animal welfare by way of quality assurance schemes or animal welfare labels as they did not agree with the idea of market differentiation. Some country-wise differences related to different practises in slaughterhouses. Whereas Dutch farmers worried about the practice of hanging chicken upside down before stunning, Norwegian and Swedish farmers discussed the practice of gassing and destroying laying hens at the farm.

16.2 DIFFERENCES BETWEEN FARMERS ACROSS SCHEMES, PRODUCTION SYSTEMS AND SUBSECTORS

Overall it is notable that farmers agreed about many issues and that there were only few pronounced differences between farmers working in different sub-sectors and assurance schemes. It is important to realize that different assurance schemes represented different production systems and, hence, quite serious differences in production systems.

When it comes to egg producers we distinguished between those keeping hens in battery cages and those with free-range production, mostly indoors but sometimes with outdoor access.

Among broiler producers the main distinction was between those with and without outdoor access, stocking density and chicken breed. Both sub-sectors have quality assurance schemes which regulate the production system and distinguish between for instance free range and cage systems. In some countries these assurance schemes have labels that are used to distinguish the product in the market.

When farmers differed in opinion, these differences could often be traced to difference in production systems and, related to that, quality assurance schemes. Generally speaking farmers tended to respond in congruence with their own practises and experiences.

This was clearly visible when we asked farmers about their attitude towards animal welfare. Farmers with free-range or organic production systems tended to consider the expression of natural behaviour as an important aspect of animal welfare whereas farmers working with cage systems attached more importance to prevention of pain and injuries and to clean environments. Generally farmers were of the opinion that the level of animal welfare was fine irrespective of their production system. Only in the Netherlands, Sweden and Norway there were farmers who were ambivalent about the animal friendliness of their own system.

It is also clear that those farmers who participated in animal welfare assurance schemes and had positive experience with selling those labelled products, were generally more optimistic about the ability to sell animal welfare on the market. These were mainly egg producers in the Netherlands but meat producers in Sweden.

16.3 GENERAL CONCLUSIONS

The poultry sector is a specific sector. Production is generally very intensive and more industrialised compared to other livestock system in terms of size, scale, organisation and level of automatisation. But the poultry sector also shows a great diversity of production systems, and an increasing share of alternative and more extensive systems also in relation with a very diversified market segmentation. Many farmers work in integrated systems and, hence, bound by contracts to other actors in the chain. It is also a globalised production system with high levels of export and import of products and means of production (including chicken). Maybe this helps to explain why there are only few differences between poultry producers across countries. Production systems and, hence, assurance schemes play a role as farmers tended to respond in congruence with their own practises and experiences.

Overall we may conclude that farmers consider animal welfare as important as it affects the health and, hence, the productivity of the animal and consequentially their income. But they also feel responsible for their animals and committed to taking good care of them. This is part of their professional pride and ethics. In addition they realize that consumers have concerns about animal welfare and especially worry about the intensive, large scale and industry-like production methods. Many farmers also share the specific concern about cage production although their ideas are more differentiated and they see both advantages and disadvantages of cage- and free-range production. Farmers acknowledge that consumers' concerns have to be taken into account. Overall poultry farmers demonstrate

considerable readiness to accept more stringent animal welfare measure as long as they allow them to remain in business. For this the readiness of retailers to share the raising production costs by paying a higher price to farmers are perceived of outmost importance. Many farmers worry that retailers may not be ready to do so in their ambition to maximize their own profits. Many farmers also fear to be outplayed by producers from outside the European Union who are not obliged to follow European animal welfare legislation or scheme specifications. They generally accept the need for more stringent regulation but feel unfairly treated when non-European producers get easy access to the same market without having to comply with the same regulations. It is on this point that farmers expect more support from their governments.

Part III

Farm Animal Welfare in Hungary: A Study of Hungarian Producers, its Food Retail Market and of Hungarian Consumers

by

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INTRODUCTION

The Welfare Quality project is about the integration of animal welfare in the food quality chain: from public concern to improved welfare and transparent quality. The project aims to accommodate societal concerns and market demands, to develop reliable on farm monitoring systems, product information systems, as well as practical strategies for improving animal welfare. The standards for on-farm welfare assessment and information systems will be based upon consumer demands, the marketing requirements of retailers and stringent scientific validation. The key is to link informed consumption of animal products to animal husbandry practices on the farm. The project therefore adopts a 'fork to farm' rather than the traditional 'farm to fork' approach. Welfare Quality will make a significant contribution to the societal sustainability of European Agriculture.

Subproject 1 investigates societal attitudes and practices as they impact upon animal welfare and assesses to what extent new welfare strategies might be achievable in practice. It has three main work packages concerned with consumers, retailers and producers, respectively. Each work package investigates how these groups view welfare considerations and determines how they might be persuaded to adopt more rigorous welfare standards. Work Package 1.1 analyses consumer concerns about food animal welfare, the type of information demanded, and the most effective communication and information strategy. Work Package 1.2 evaluates the current and potential market for welfare-friendly animal based food products, welfare label characteristics, and inspection systems. Work Package 1.3 identifies potential barriers to the development of animal friendly products faced by producers. The subproject has systematically compared the situation along these three dimensions in Norway, Sweden, the Netherlands, UK, France, and Italy.

This report addresses the situation in a seventh country, Hungary. Considerable work has been carried out in Hungary that complements the depth and intensity of the consumer research carried out in work package 1.1 carried out in the 6 other study countries. However, due to limited resources there was never the provision in work packages 1.2 and 1.3 to carry out fieldwork in Hungary. Still, it is not possible to understand the situation of consumers regarding animal welfare and to suggest realistic measures without considering the specific context. Therefore a small research programme aimed to provide a short but significant collection of empirical data that would help in understanding the regulation of animal welfare in Hungary, the structure of the food provisioning system, the structure of the retail market for dairy, beef, chicken, egg and pork products and the structure of the agricultural sector. Also, some efforts have been made to describe public debates and mobilisation around animal welfare issues.

The report aims to go some way to answer the following questions, limited in the extent by the brevity of the research project.

- What is the meaning of animal welfare in Hungary?
- At what level and in which areas is animal welfare an issue for Hungarians as citizens and consumers, for Hungarian retailers, regulators and farmers?
- What is the structure of regulation of farm animal welfare within public and private sectors?
  - Public laws and enforcement;
  - Welfare assurance schemes, private standards and labelling.
- What are the market conditions within which these discourses and regulatory efforts appear?
  - Handling of live animals: Production and slaughtering;
  - The food sector: trade – exports, imports, processing, distribution and retailing.
- What is the role of consumers in terms of food consumption practices and the demand for welfare friendly food?

Our study of Hungary includes a number of different sources of information. Of major importance are two study trips to Hungary carried out by a team of researchers working within the three work-packages in Subproject 1. The first one of these was carried out by Unni Kjærnes, Cathal Cowan and Emma Roe over the week March 12th to the 18th March 2006. Interviews had been arranged in advance with a number of key informants to gain specialist knowledge about animal welfare not freely available. Informants from key institutions and farmers were interviewed in order to collect information about the current state of animal welfare from animal production, and regulation to the provision of welfare-friendly products in the food retail market. We included informants from various industry sectors, retailers, regulators, and NGOs (for an overview, see Appendix 1). The interview guide included questions about the structure of food provisioning, the issue of animal welfare, regulation, and the role of consumers. During that week, we also spent time investigating the current market for animal welfare-friendly products through looking for products inside two major retail stores (Cora and Tesco) in Budapest for products that carried animal welfare-claims.

The second study trip focused specifically on the producers' perspective of animal welfare. This trip was undertaken by Marjolein van Huik and Aide Roest. The trip took place in May 2006 and was arranged in cooperation with the Conseil Europeën des Jeunes Agriculteurs and the representative of the Hungarian Meat & Livestock Product Board in Brussels. The Hungarian Meat and Livestock Product Board introduced us to representatives of the Dairy and Poultry Product board, the Fauna Foundation and the Ministry of Foreign Affairs. In addition they arranged several visits and interviews with farmers all located around Budapest for logistic reasons (for an overview of key informants and visited farms see Appendix 3). The interview guide with key informants included questions about the structure of livestock production in Hungary, the organization of the food supply chain and the most important developments in the past and present. In addition we asked about animal welfare legislation and the interest of the public and farmers for animal welfare. Finally we discussed the presence of quality assurance schemes in

Hungary and their potential role in animal welfare regulation. With farmers we talked in more detail about their definition of animal welfare, their practice of farming and their future plans and expectations especially with regard to animal friendly products (see Appendix 2 for both questionnaires).

Information from these interviews has been enhanced through the use of secondary sources, such as public statistics, company websites, reports from international bodies, research reports, etc.

Thus this report will provide a brief picture of the current conditions for farm animal welfare in Hungary, and will seek to understand the current situation and what developments there may be in the future for animal welfare improvements. The report starts by looking at animal welfare on the public agenda and as an issue related to food and to consumers. This is followed by two chapters meant to give a general overview of the structure of the Hungarian food sector, first, of agricultural production and trade and second, of the regulatory framework for farm animal welfare. In order to find out how animal welfare is handled through the use of assurance schemes, we take a closer look at five provisioning chains, eggs, chicken, milk, beef, and pigs. As another angle, this is followed by a case study of a meat processor. The rapidly changing retailing structure is discussed in the following section, including also their marketing of animal welfare through different labels. As a third 'pole' of the food sector; in addition to the market and the regulatory system; we then turn to the situation for the households in terms of resources, habits as well as current food issues. In a final section we readdress our initial question by pulling all these different elements together again.

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ANIMAL WELFARE ON THE AGENDA IN HUNGARY

18.1 THE PROFILE OF FARM ANIMAL WELFARE AS AN ISSUE

Hungary has undergone profound change since 1989 and the end of Communist rule. This is no less true in the agricultural and food retail sectors with the move away from centralised planning and intervention in the market. This reform was characterised, in the main, by trade liberalisation, privatisation, the reduction of agricultural subsidies and land reforms (Fertő, 1999). 'The period from 1989 to 2004 can be divided into two phases: the first was the time of transformation (1989–1993) and the second one, consolidation and solid recovery (1994–2004)' (Fertő et al, 2004, p. 26). The other great driver for change has been the collapse of the controlled Eastern markets, which forced the sector, along with the rest of the economy, to turn towards Western Europe for new markets. Compatibility with EU regulations and its market, both before and after accession has had equally transforming effects on the sector. In Hungary, 7.9% of the labour force is employed in the agricultural sector, which produces 6.6% of GDP (Früwald 2000). It is within this perspective of major political and economic transformation that we must understand the current handling of farm animal welfare.

In this section we will discuss the place animal welfare has on the public agenda in Hungary: how it is framed and defined, and how various parts of society are mobilised around it. First of all, we are interested in the extent to which this debate addresses the welfare of farm animals. Is there any attention at all? To what degree is it linked to regulatory and to marketing initiatives? And to what degree is public engagement framed as a 'consumer' issue as opposed to a 'citizen' issue? Unfortunately, due to our unfamiliarity with the Hungarian language we have had to rely first of all on information from our interpreted interviews, supplemented whenever possible with other sources.

Farm animal welfare does not really seem to be an issue on the agenda in Hungary. As this is not something clearly defined, discussed, and circulated in Hungarian society, it raises problems about what exactly people are talking about when asked about farm animal welfare. From what we understand little attention is given to the welfare of animals in the media and there is even more limited social mobilisation around farm animal welfare issues. However, there are some examples of publicity around the issue of animal welfare. For example, the Ministry of Agriculture commented upon how caged poultry disturbed

people and general cruelty to animals which is publicised in the press. Still, as we will discuss, much is linked to domestic animals rather than farm animals. This can be illustrated by the Advisory Body on Animal Welfare.[7] To them, farm animal welfare is not a major issue, rather instead dealing with stray dogs.

> 'Stray dogs or the torture of dogs, if they say something on farm animals that is just in the interest of farmers and slaughterhouses' (Advisory Board on Animal Welfare).

At the opposite end of the spectrum, when pushed about where good farm animal welfare exists in Hungary, several among our interviewees discussed the traditional Hungarian breeds of the Mangalica pig and the grey cattle. They are considered as having a very high level of animal welfare as they are held extensively with lots of room for what is perceived as 'natural behaviour' and with respect for their specific needs in terms of feed, outdoor access, space and manual care. This was also underlined by the two farmers we interviewed who keep and raise Mangalica pigs and/or grey cattle.

> 'Mangalica is a semi-wild breed. It is not as domesticated as regular pigs. It just cannot tolerate to live close together, then they will fight. So because of this breed, we already have to offer conditions above EU regulations' (Farm 4).

The market niche for Mangalica pigs and grey cattle is however very small. Their meat is expensive and is mainly exported.

> 'Hungarian society is not yet rich enough for Mangalica meat. Mangalica is very expensive and not many Hungarians buy this. There is only a very narrow segment of the market that can afford it. But it is not too difficult to sell Mangalica since only few farms produce it…[8] You cannot buy it from a butcher. You can only eat it in the best, specialized restaurants' (Farm 4).

But there is a strong belief in animal welfare as an element of Hungarian tradition and of a typical, traditional Hungarian farmer's identity and craftsmanship. This was mentioned by several farmers but also key informants.

> 'In Hungary the farmers traditionally love their animals, that is a very, very traditional Hungarian. Hungarian farmers try to protect their animals, to love them. So when we go to the farms, you will see that most people love their animals; there is a very strong connection between animals and people. But it is not in a quality assurance scheme, not formal. It is tradition' (Livestock and Meat Product Board).

The only organisation focusing directly on animal welfare is the Fauna Society. The Society receives some funding from the non-governmental organisation Compassion In World Farming (CIWF). It is an organisation which is trying to draw attention to the

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[7] The advisory body has members from the Ministry of Agriculture and a representative of the minister of environment, economics, education, scientific members, university representatives, medical representatives, breeders of laboratory animals, drug company representatives, and NGOs.

[8] There are 168 member of the Association of Mangalica Breeders (information by respondent).

welfare of farm animals. The main task for CIWF is creating awareness among the public that there are concerns about the welfare of farm animals.[9] Like many NGOs in Hungary, The Fauna Society was formally established in 1989, i.e. just after the transition. But according to our informant from the secretariat, the organisation is still not very well known in Hungary.

Their experience is that although animal welfare concerns are not widespread, when the issue of farm animal welfare is raised with people, it is met with interest:

> 'I think the main thing is we are on a stand to talk to the public and meet the people. Our experience is that if someone is interested in animal welfare and all of the topics we deal with, the next question is "what can I do", "what can I buy? '(Fauna Society).

This low level of awareness of farm animal welfare issues combined with little media attention and scrutiny means that consumers can easily be misled about the products they are buying:

> 'We will make a report of that to the consumer agency, as on the picture [on a package of eggs] you can see free range hens, happy hens, but this is from battery cage system, so this is misleading for the customer. They think that this egg comes from a happy hen' (Fauna Society).

CIWF carries out their campaigning on farm animal welfare in a number of ways. They promote their campaigns at events such as World Animal Day and festivals. They also have a quarterly periodical with a summary page in English at the end, with a circulation of 2,000 copies. It is distributed in coffee shops, and organic shops (of which there are very few, mostly in Budapest), as well as in veterinary clinics where they have established contacts. People can subscribe to it but not many do. Free copies are available to anyone interested. They also have a website and discuss issues with Ministry officials (e.g. recently animal testing) and have observer status for relevant meetings in Brussels.

The Fauna Society has organised yearly petition-signings around the transportation of live animals, collecting three to five thousand signatories on an annual basis. They see this as an indication that the issue is on the public agenda and that people are interested. They find that the most effective way to raise media attention to their cause is to hold street actions with colourful costumes, when they gain coverage on radio and TV. However, they have found that other lobbying work like sending letters is ineffective and receives no attention. Along with other green NGOs they have formed a working group on the Common Agricultural Policy and they contribute on the animal welfare reform of CAP. Although they recognised that consumers in many ways are not aware of farm animal welfare they feel it is changing. Yet, as they themselves point-out, a broiler campaign last year provoked more questions about the impact of poor animal health on human health, rather than the welfare of the animals. Hungarians are becoming increasingly aware of the importance of

[9] Literature for teachers can be included in the school teaching courses.

a healthy lifestyle and for example organic production methods are first of all recognised as healthier than conventional production methods. Consequently, the Fauna Society reorientated their campaign against broiler production towards raising awareness about the health issues for consumers, because that was what people were interested in.

In contrast to CIWF, most Hungarians' conception of animal welfare seems not to revolve around animal sentience but animal health. In other words, for the majority of Hungarians it would appear that 'good animal welfare' equates with ensuring 'good animal health'. This point should be kept in mind throughout this report. This understanding is far from unique. SP1 has generally found that the cultural recognition of animal sentience is more widespread in some countries and regions of Europe while in other parts it is not widely understood or reflected upon (Kjærnes et al., 2007). The concerns about animal health connect more directly with concerns about negative health effects on farm animals of intensive farming, rather than the loss, by the animal, of freedom of expression etc. In this sense, we can understand the attraction of 'free range' eggs or poultry products as a turn away from intensification towards traditional production methods and the generation of a quality product, not one that immediately motivates a consumer to associate it with improvements in the life of the animal. This is slightly different, however, when animals of traditional breeds are concerned. Most probably it is the association of these animal species with 'wild', non-domesticated animals and their resulting closeness to nature which introduces 'naturalness' in terms of living conditions and behaviour in consumer's conception of animal welfare; whereas this seems to be of little importance for the welfare of farm animals in general.

The latter is also true for farmers. Most farmers define animal welfare in terms of animal health, which in turn is directly related to good care and productivity and, thus, farm income.

> 'Yes, of course animal welfare is important. The farmer has the same interest as the animal. His interest is to make the animals feel comfortable, feel fine. Because if the animal does not feel fine, the farmer will go bankrupt. Because without good animal welfare, you cannot have good production' (Farm 4).

It is often also related to professional and responsible farming because of the perceived link between animal health and food safety.

> 'Animal health gets the most attention on the farm because it is the only way to produce safe food. It is directly connected to food safety' (Farm 6).

This limited attention and concern is also reflected in research. Animal welfare research is not a priority in Hungary. With limited total support for research, there are other areas regarded as more important. There is one research project ongoing on pig farms with a PhD student who is collecting information from pig units on how the pig farm meets the legal requirements on animal welfare, in particular to what extent ventilation systems meet the requirements (Dept. Animal Hygiene, Szent Istvan University). Again, within the context of Hungarian food production, animal health is a greater concern, which although

considered important in assessing an animal's welfare does not ensure good animal welfare in all respects. The Hungarians have sought solutions to animal health concerns within the framework of intensive, large-scale farming methods in an export-orientated agricultural industry. There are now signs of changes taking place, for example in the form of organic farming. However, Hungarians also now feel fierce competition in terms of farm animal welfare, not only from Western Europe but also from East Asian countries.

These are all statements made by our various key informants. If we ask people directly, the picture does not quite fit with the understanding of Hungarians not being concerned about animal welfare. A Eurobarometer survey from the spring of 2005 indicates that people do care. Concerns about the welfare of farm animals seems to be as widespread among Hungarians as in the other countries we are studying (Figure 18.1). Like in our other study countries, people are most concerned about laying hens, and are least concerned with the conditions for dairy cows. But the distinctions between production sectors are a bit less clear among Hungarians, and their worries seem more generalised. In interpreting this, we cannot disregard the statements about lack of attention presented above. We do not, for example, know what people mean by saying conditions are poor. It can be derived from direct experience and knowledge, but it can also refer to much more general concerns about ongoing changes in the food industry. Nor can we say much about the relative emphasis on animal health and the needs of farm animals as sentient beings. But this uncertainty is not limited to Hungary, it is a general problem of interpreting popular interest and engagement in this area and it will be addressed in much more depth in the qualitative and quantitative consumer studies of Welfare Quality – where data has also been collected from Hungary.

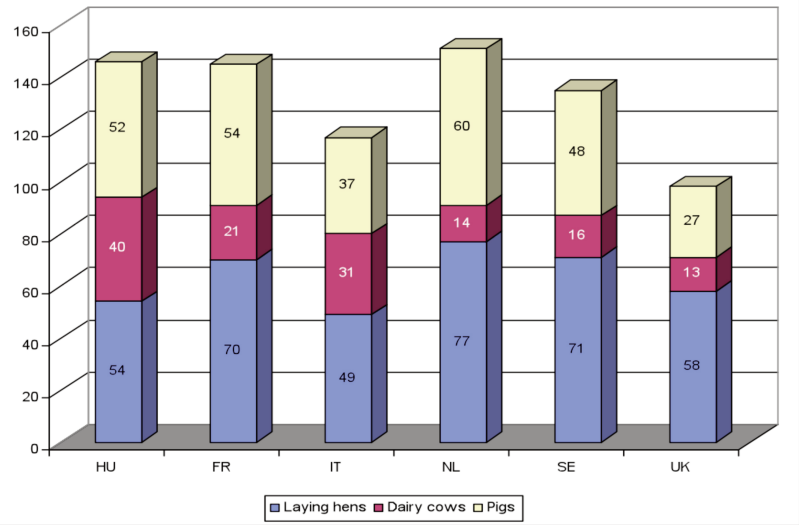

FIGURE 18.1 In general, how would you rate the welfare/protection of the following animals – laying hens, dairy cows and pigs?
Notes: percentage who say conditions are fairly or very bad; multiple answers; N: HU 998, FR 1013, IT 1024, NL 1030, SE 1048, UK 1322.
Source: European Commission, 2006.

According to the Eurobarometer survey, we find more differences when concerns and worries about animal welfare are being linked to the consumer role. First, only one in five Hungarians say 'yes, certainly' to the question 'Do you believe that buying animal welfare friendly products could have a positive impact on the welfare/protection of farm animals?' In Sweden the proportions are as high as 57%, in the Netherlands 45%, and about a third in France, Britain and Italy. In the following chapters we will explore in more detail the marketing of animal welfare, both on the supply side and the consumer side.

18.2 ANIMAL WELFARE IN THE CONTEXT OF WIDER CONCERNS AND OPINIONS ABOUT FOOD

By placing farm animal welfare as an issue of marketing the welfare of animals is being made an aspect of food products. There are a number of issues of more concern to Hungarian food consumers than animal welfare. These include, price and availability, safety/trust and place or country of origin. Generally our key informants have less to say about animal welfare in comparison to these other topics which are important to understand people's purchasing and eating practices. To a large degree, our key informants agreed that animal welfare was less important within the context of food and the marketing of food products. But there were also nuances, depending on the position and experiences of the informants.

When talking with people who worked in the retail industry they felt that the primary concern for Hungarian consumers, with the exception of the affluent and highly educated, was the price of food and very little interest in anything else.

> 'It is a social problem, the situation here. It is a problem of the society, the structure. Many people are poor and very price oriented. So, there is attention for animal welfare, but the consumer does not have enough money to buy it' (Livestock and Meat Product Board).

A small number of affluent consumers have an interest in organic products and an organic lifestyle; a dedicated organic store exists in Budapest. As indicated above, this new trend is not primarily fuelled by a concern for animal welfare but for healthy food and healthy living.

According to an interviewee from a consumer organisation, Hungarians are highly concerned with the provenance of their food and are strongly pro-Hungarian in their attitudes towards food. They tend to have a very positive image of local producers regarding food quality and safety.

> 'Do people think that when it is from Hungary it is okay?'

> 'Yes, because we have a big tradition with food. Our first food law is more than a 100 years old. Hungary was always exporting. During the Communist period we exported a lot of food, and at that point it was very important to be trustworthy.'
> 'Labels… So people will recognise it and know it… So you can see that it is really Hungarian. We have in the shops a lot of imported chicken and there was a problem with this chicken so the association decided to have this label put on the Hungarian product' (National Association for Consumer Protection).

Figure 18.2 illustrates two examples of the product labels discussed above.

This interviewee stated that the Hungarian public is convinced that the overall quality of Hungarian agricultural products is superior to that imported and thus prefer to consume Hungarian food:

> 'The key element of the public concern is to consume Hungarian product, not a free range egg, but a Hungarian egg. I would say 10 out of 10 persons would prefer to buy a Hungarian product, if you would ask whether organic food would be bought by the consumer, I would say 1/10 of the 10 would. This is the rate and the proportion. It is an approximation not exact' (National Association for Consumer Protection).

The viability of Hungarian agriculture, in particular the traditional small scale farming, in the new more global agri-food marketplace is also of concern:

> 'I think that the problem now is that we have too many farms. The small farms and companies, the animals on these farms are healthy but it is not economic. The farmers are on the streets in Budapest [protesting] because they cannot live off them. When you buy chickens from the village where your mother lived… I know that there are not too many chickens on these farms, and they can manage to keep them healthy' (Ministry of Agriculture).

As will be explained in more detail in Chapter 20 a large part of Hungarian farms are very small, producing mainly for subsistence. The new regulations on food safety and animal welfare confront them with a need for investment that most of them are unable to cope with. A lot of them have quit production in recent years and production is increasingly concentrated on large farms in all livestock sectors (for statistical figures, see Chapter 20).

A

B

Figure 18.2 Two examples of labels found on food carrying welfare claims that indicate that it is an Hungarian product A is a guarantee of Hungarian chicken products.B is a generic label.

Summarising our informants' statements about the status of farm animal welfare issues on the agenda in Hungary, we find that while attitudes are positive and welcoming, there is not very much attention or concern. Overall, farm animal welfare seems to be associated mainly with animal health and, in turn, with human health. Threats are, on the production side, associated first of all with international competition and intensive large-scale farming. Economy is also brought up as the main challenge on the consumer side, where limited incomes make food prices a major concern.

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THE REGULATION OF FARM ANIMAL WELFARE

Animal welfare does have a place within the public regulatory system, but it is not easy to find out to what extent the concerns of public authorities with regard to animals go further than health related issues. Animal health officials stated that the responsibility for animal welfare in regard to production is regulated through EU directives. Hungarian legislation concerning animal welfare have been harmonised with EU regulations since 1991/92, while leaving a fairly long probationary period for production aimed at the internal market. With accession to the European Union in 2004 all legislation came into effect. As a result Hungarian legislation for animal welfare is at the level of EU legislation (with a specific exemption for the forced feeding of geese). The Hungarian government has not implemented any additional measures.

Hungary has signed the EU directive on animal welfare, with the exception of goose liver. Along with France, Hungary has got an exception from the general EU ban on the production of foie gras. The Hungarians produce a significant amount of foie gras, most of which is exported to France. It is, however, regarded as a traditional form of production and there appear to be few strong opinions against it. The majority of Hungarian geese are kept in free-range conditions.

Three agencies are responsible for food problems, one working on animal health, one on consumer health and one on human health. Animal health is based in the Ministry of Agriculture, public health in the Ministry of Health, and consumer protection, including labelling, is the responsibility of the Ministry that deals with equality issues (Interview in the Ministry of Agriculture). An Advisory Board on Animal Welfare has been set up [October 1999], which is drawn from a wide range of stakeholder/interest groups. It deals mainly with issues of animal experimentation (see also Section 18.1).

There is a General Inspectorate for Consumer Protection. This is an institute under the Ministry of Economics with the authority to organise quality testing and quality controlling in Hungary. They have a general inspectorate and operate mainly at retail level.

> 'Testing the food. You know the system, we have this general Inspectorate and there are similar authorities in every county. They inspect shops? Yes. And restaurants and… then they for example have contact with the duty office which means they can check together with the duty officers' (National Association for Consumer Protection).

In addition to inspections and testing, the Inspectorate also has an educational programme for schools through which consumer protection is taught to children (Organic Support Organisation, Trebag Kft).

This focus on education is reflected also in a number of other areas, not the least in relation to producers. A need is identified for specialised animal welfare training courses but producers must first acquire the know how for undertaking essential farm tasks efficiently (Interview with dairy farmer).

We will in this chapter describe in some more detail the public institutions most directly involved in farm animal welfare issues.

19.1 THE MINISTRY OF AGRICULTURE

The Ministry of Agriculture is in charge of implementing legislation regarding farm animal welfare. The task is carried out through nineteen county veterinary health stations. In each of these, there is one veterinarian responsible for ensuring compliance with animal welfare laws at the farm and slaughterhouse level. The person is responsible for checking animal welfare requirements on the local pig farms and poultry units. They inform the management when welfare requirements are not met.

Inspection for compliance on animal welfare legislation is, however, quite low on the list of priorities for an agricultural sector trying to keep abreast of developing their quality control systems in general. The areas that have received most attention have been traceability – putting in place livestock identification systems (especially in cattle and pig production), provenance information for the consumer (farm and slaughterhouse number); food safety – HACCP, post-mortem inspection; and quality – post-mortem inspection and grading, ISO certification. No integrated quality system has yet been put in place. Some schemes such as the one set up by the National Institute for Quality Control with the participation of 35 pig farms have begun (Schilhorn van Veen, 2004).

If a company receives an EU export number it will be inspected regularly by representatives from the EU. The retailers and retail supply companies depend on these controls being in place to guarantee the quality of the products they are buying. However, it is recognised that the inspecting authorities 'cannot control the details' (Provera).

Taken together, these statements indicate that while regulations of farm animal welfare are harmonised with the EU and there are inspection bodies in place at the local level to control that these regulations are complied with, there still seems to be considerable doubt as to the strictness of the actual enforcement of these regulations. Attention being directed

primarily towards animal health makes this question of enforcement particularly relevant with respect to other aspects of animal welfare than those associated with health.

19.2 PRODUCT BOARDS

The Hungarian product boards have been set up by the Ministry of Agriculture at the beginning of the nineties following the example of Dutch products boards. There is a poultry product board, a livestock & meat product board and a dairy product board. The main objective of product boards is to stimulate self-regulation, coordination of production and food processing interests, and common marketing activities of all members of the production chain. This regards individual farmers but also cooperatives and partnerships, slaughterhouses, manufacturers and retailers. They are involved in promoting the sales of Hungarian meat to export markets to the east and west of Hungary.

The product board role is to improve farm management, and so they are involved in a national livestock improvement programme.

The product boards have no formal role to play in animal welfare legislation and regulation. But through their representation of production interest they have of course give important input into the discussion and implementation of legislation and private regulations in quality assurance schemes. In addition they have a role in the extension and dissemination of relevant information.

19.3 SPECIAL PRODUCTION SCHEMES WITH RELEVANCE FOR ANIMAL WELFARE

Besides animal health and EU regulation on welfare, a number of production schemes can be identified which, explicitly or implicitly, address animal welfare issues, most often as part of broader aims. In addition to organic production, there are some small-scale local schemes in place as well as the already mentioned production of speciality breeds of pig and cattle that are more welfare oriented (Dept. Animal Hygiene, Szent Istvan University).

One local scheme has a system in place for pigs to ensure quality control. The scheme includes some welfare elements. This scheme has been in place for 3 years. Thirty-five farms were participating at the time of our interviews. These participating farms are audited once or twice a year. This programme was developed by The National Institute for Quality

Control, and is open to everyone. The farms of the applicants were pre-audited; the Ministry of Agriculture covered the cost of this. The farmers have to show they have made the necessary changes when inspectors come back after six months. Then they can join the programme:

> 'In this programme that is a key element, only farms that have reached the requirements of the animal welfare acts[10] are allowed in this programme. They are inspected in this field before they join the programme; they will be checked by these inspectors, when they find failures, the management of the farm will be told that if they do the following, they will be allowed to join the programme… there is a label on the food… The incentive to join this is not the higher price… when you meet the requirements this will mean an improvement in your production efficiency' (Dept. Animal Hygiene, Szent Istvan University).

However, this identification of the scheme does not come through clearly as product information to the consumer in the shop, for example in the form of product labelling.

With regard to the production of special breeds there are two programmes of interest. One is related to a special pig in Hungary, Mangalica, which is an indigenous breed, the other one is the Hungarian grey cattle. For both animals natural breeding is widespread, which is reflected in the quality of the product. Hungary may be among one of the last countries in the EU where natural or domestic type pig husbandry is found (Dept. Animal Hygiene, Szent Istvan University). The Mangalica pig and the grey cattle are free-range from an animal welfare viewpoint and are thus generally produced from a more welfare friendly system according to our informants. The pigs are hairy and very sturdy. The bacon from the pigs is about three times the regular market price. It is sold in Hungary and also exported. But as volumes are quite small, it is not widely available (Ministry of Agriculture). There is government support to breed this type of animal as it forms part of a programme supporting National Heritage.

As a third type of production scheme with relevance for animal welfare, we also find organic farming in Hungary. Organic farms are usually quite small, but the number is increasing steadily (Table 19.1). One agency is starting to put in place an information system for organic farmers and advising them on organic standards. 'Trebag' is an organic support organisation with an interest in monitoring animal welfare schemes.'Trebag' has a role in focussing on consumer requirements and market developments but they also focus on the full chain. In terms of welfare along the chain the only regulation is the EU organic standard and this is important for organic producers.

'Bio control' is responsible for ensuring that organic production meets the organic regulations, including welfare aspects. But a consumer agency specialist has pointed out that most consumers have little awareness of Bio (organic).

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[10] It must be pointed out that this reading of 'animal welfare acts' may in fact relate more closely to 'animal health acts'.

TABLE 19.1 The development of organic agriculture in Hungary until 2002.

Year	No of organic farmers	Total area of organic farm land (ha)
1995	108	8,232
1996	127	11 397
1987	161	15 772
1998	330	21 565
1999	327	32 609
2000	471	47 221
2001	764	79 178
2002	995	103 672

Source: Landbouwraad, 2005.

> 'So what do people think in terms of BIO control? They don't know too much about this. In Hungary I am the only one who thinks that the association is very important, that is why I have spoken on TV and radio… I think in Hungary if you ask 100 people only 10 would know about Bio' (National Association for Consumer Protection).

The meat wholesaler Provera says that there is no meat certified as organic that they handle, but they do talk of cattle that is somewhere in between, perhaps in conversion. They state that it is hard to get an organic certification because everything has to be organic, including its feed etc., and that is difficult to obtain; and the abattoirs need also be set up to handle organic meat. They are not sure whether organic meat will soon be on sale in their stores. Initially they say the producers have to come up with the products, and then there is also the question of whether the Hungarian market is willing to buy such high quality products. Yet, there is some organic chicken produced. Thus there seem to be considerable difficulties in getting organic produce through ordinary distribution chains, reflected also in little awareness at the retail level and among consumers. These problems of logistics, awareness and understanding are not limited to organic production. To Hungarian industrial officials, quality assurance schemes appear to be understood mainly as HACCP systems and ISO certification. Yet, our simple market audit revealed that there are some special marketing labels.

Figure 19.1 shows one of the labels we saw on Hungarian products which does not explicitly suggest welfare but suggests that there is a movement towards promoting Quality Hungarian products. The quote below explains how this scheme was set up and works.

> 'The Agricultural Marketing Centre non-profit company as the body to operate the system of the Quality Food from Hungary trademark labels helps and supports to popularize the products by using the means of community marketing. We are certain

FIGURE 19.1 Quality Food from Hungary mark.

> that those who might not have tasted the traditional flavours but willing to taste them will insist on buying the products with the trademark labels. We are also certain that many of us realise only nowadays that it is not a coincidence that the products found on our tables regularly have the same quality day by day, which is guaranteed by the Quality Food from Hungary trademark label' (Agricultural Marketing Centre on Hungarit website, 2007).

This guarantees attached to the use of the label are to have attained ISO standard for environment-orientated management and an integrated quality management system. There is nothing about animal welfare. However a labelling scheme like this could include guarantees about animal welfare in the future.

However, according to several of our key informants, consumers have little understanding of the additional information given on product packaging. This will be explored in more detail in later chapters of this report, addressing market structures and labelling as well as consumer opinions and practices.

We have so far explored the issue of farm animal welfare on the public agenda and as part of special quality assurance schemes in Hungary. In the next sections we will turn to general features of the Hungarian food industry, distribution and consumption, aiming to better understand current conditions and possibilities for change.

20

THE PRODUCTION AND SLAUGHTERING OF FARM ANIMALS IN HUNGARY

20.1 THE CHANGING STRUCTURE OF HUNGARIAN AGRICULTURE

In the pre-reform period, the state was a dominant actor in the agri-food sector and in devising agricultural policy. Production was controlled through producer and investment subsidies while demand was stimulated through consumer subsidies. Hungarian agriculture was dominated by the big state farms and cooperatives (which accounted for most of the production), with few private farms above the size of smallholdings. Already in 1969, when some economic reforms were implemented through the 'New Economic Mechanism', all employees of state farms received a small piece of land as their property. This land (called háztáji) was about 0.5 ha in size (Agócs and Aócs, 1994; Roest, 2006) and was meant and used for subsistence production and to some extent as an extra source of income (Symes, 1993). Cooperatives and subsistence farms worked closely together, as the cooperatives assisted their members' private production through technical inputs and marketing facilities. In many cases it was the cooperative which marketed also the products delivered by small private producers (Morell, 1999). Already at that time Hungarian agriculture had a dual and fragmented structure with most of land in production concentrated in few very big public farms and a large number of very small private farms (Landbouwraad, 2005).

The move to privatize the state farms began in 1989 after the turn-over of the Communist system and was completed in 2005 with the sale of Babolna, an integrated poultry company. In total 2.7 million ha of collectively managed and/or state-owned land was privatized. On average people received 2 ha of land (Fuchs, 2002). Many of the cooperatives were split and the land given back to former owners, thereby swelling the numbers of private, small-scale farms. Some cooperative farms continued, but with a new structure of ownership. People were given compensation tickets, which they could cash in for a piece of land, or a part of a cooperative farm. These cooperative farms were like a shareholding company with maybe 300–400 owners and all owning a piece of the business. They might also rent their own piece of land, or most of those who had land could rent it to the cooperative farm, but these are now disappearing.

A restructuring is now again taking place, where these cooperatives are being turned into private enterprises without collective ownership. When someone buys a co-operative farm they acquire all the business shares, so they own the business and therefore acquire the right to rent the land that the business farms on. If it's a dairy farm they also buy the dairy cows, the dairy buildings, etc., but are not allowed to buy the land if they are a non-native purchaser. Hungarian law forbids non-nationals from purchasing land and thus the influx of international investment and foreign owners of farms is typically leasing the land.

The structure of Hungarian agriculture is, thus, still a dual and highly fragmented one. On the one hand, there is a large number of very small farms (99.5% of the farms in 2003 had less than 1 ESU[11] and less than 5 ha land) and a few very large farms on the other hand (0.5% of the farms which own more than 50% of the agricultural land) (see also Table 20.1). Although privatized, the government does still own a controlling share of some of these enterprises that are considered historically important 'jewels in the crown' of Hungarian agriculture, despite the fact that they may lose money. During the process of privatization, suppliers and retailers were invited to be involved in the tender process, but only to be part owners. So no farms can be bought up by retailers such as Tesco, for example. There may be some state owned beef farms where retail buying companies such as Provera have bought some of the shares to assure supplies.

Agricultural production is now dominated by large private farms and agricultural enterprises. These are partly privatised former cooperatives, partly new enterprises. A tough restructuring is taking place in order to join and participate in the vertical integration of production, marketing and supply that is being driven by the retail sector and the requirements demanded on exports. This leaves us with a very complex and also dynamic picture. Accession to the EU has been an important driver for change in this sector. Also for bringing Hungarian legislation in line with European legislation on animal welfare, accession has meant increased access to Western European retail markets, which often demand additional controls on agricultural production in the form of quality assurance schemes.

At the same time, the domestic market has been opened up to tough competition from imports from countries further east in Europe and from Asia. It is the large numbers of smaller scale private farms established following the dissolution of the cooperatives that have been hardest hit by the demands of remaining competitive – on price as well as requirements on 'quality' (including EU animal welfare standards).

Added to this, a significant amount of the food produced in Hungary operates outside of 'formal' supply chain structures that dominate (North-)Western European food production and consumption. Although the share of self-sufficient food (in smallholdings and small family farms) in food consumption has been in continuous decline: it was 24.5% in 1989 and 17.3% in 2001 (with marked regional differences) (HCSO), it still constitutes an important part of Hungarian food production. Most meat is consumed by the family themselves or sold locally, either to neighbours or at open food markets. Animal welfare

[11] ESU = European Economic Size Unit = a total gross result of less than 1.200 euro.

TABLE 20.1 Hungarian farm structure, 2003.

	< 1 ESU*	> 1 ESU
Number of farms (x 1,000)	612.4	161.0
< 5 ha (%)	99.5	52.3
5–20 ha (%)	0.5	32.3
> 100 ha (%)	0.0	3.4
Average size (ha)	0.4	25.3
Total area (x 1,000 ha)	670.4	5,527.4
Arable land	187.8	3,403.4
Cereal	124.8	2,226.7
Wheat and spelt	30.0	919.0
Maize	69.6	846.0
Permanent pasture	23.1	510.2
Number of animals (x 1,000)		
Cattle	12.6	693.4
Of which dairy cows	1.8	293.2
Sheep	77.8	1,156.9
Pigs	851.5	3,746.8
Of which sows	35.5	329.5
Poultry	7,900.0	34 800.0
Of which broilers	–	13 200.0
Of which laying hens	5,600.0	8,800.0
Rabbits	68.3	115.1
Horses	23.3	45.6

Notes: * ESU = European Economic Size Unit = a total gross result of less than 1,200 euro.

'standards' are difficult to ascertain within this system of production, with the potential to range from the lowest to the highest. Some commentators, such as Fertő et al and CIWF, present this sector as having the potential to exploit their small-scale, traditional methods for entry in 'niche', 'added-value' markets of organic and traditional produce. As it stands, the quality control standards that have emerged within more industrial production systems have little bearing on this mode of 'traditional' production, processing, distribution and consumption. The health of this 'informal' sector depends on many factors, including their response to the burden of increased regulation, the stability of rural communities and traditional methods of distribution, and the interest of younger generations to continue traditional farming practices.

20.2 AGRICULTURAL PRODUCTION AND TRADE

Hungary uses nearly two thirds of its total area (62.9%) for agricultural production (Landbouwraad, 2005). Its importance for the GDP is 3.9 per cent, but has continuously declined in recent years. In 1989 agriculture and forestry counted for 13.7% of the GDP. And whereas as in 1989 17.4% of the population worked in agriculture, it was only 5.5% in 2003. Looking into the development of agricultural sectors in the last decade and since accession it is clearly visible that arable and vegetable production has increased whereas meat, dairy and egg production have continuously decreased (see Table 20.2). This is

TABLE 20.2 Agricultural production in Hungary, 1989–2003.

	1989	Annual average 1991–1995	2001	2002	2003
Meat production (in 1.000 liveweight)					
Total		1.604	1.453	1.540	1.603
Beef	156	198	98	94	112
Pork	948	885	689	741	850
Sheep		33	18	18	20
Poultry	580	457	622	659	600
Milk production (in mill. litres)	2.829	2.094	2.068	2.068	1.964
Average milk-production per cow (litre/year)	4.937	4.474	5.517	5.999	6.263
Egg production ($x10^6$)		4.032	3.277	3.397	3.440

Source: Landbouwraad, 2005.

especially due to a reduction in cattle and pig numbers and the ongoing restructuring of these sectors.

As can be seen from the Table 20.3, both imports and exports have increased in the five year period since 1999. Most of this traffic is within the EU, with Germany as the major exporter of animal products to Hungary as well as the biggest importer of Hungarian produce. These figures do not show the continuing importance of exports to non-EU countries such as Russia and Japan.

20.3 SLAUGHTER AND PROCESSING

The changes outlined above have driven the need for increased efficiency in the supply chain as well as consistent and measurable quality standards. In effect, slaughterhouses and processors have been key actors in implementing and driving this transformation into more vertically-integrated, quality-controlled supply chains that are competitive both in the domestic and in international markets. This sector has had to not only compete on price but fulfil the 'quality' requirements demanded of them by key players in the food supply chain.

Whilst Hungarian legislation has been harmonised with that of the EU since 1991–1992, it was only those processors with an export market that were required to implement the new legislation on the ground. The end of the probationary period for domestic production and processing as well as an increasing retail interest in quality and traceability have inevitably led to changes in the sector, in particular in terms of increasing concentration and consolidation. The high cost of restructuring to meet these requirements; investment

TABLE 20.3 Commodity pattern of external trade of food (million HUF).

		1999	2000	2001	2002	2003	Main countries
Imports	Live animals	3,729	5,367	6124	5,977	4,775	Romania France Czech Rep.
	Meat and meat products	6,075	14844	20993	22042	16999	Germany Netherlands France
	Dairy products and eggs	8,554	12610	14955	14853	18739	Germany Slovakia Czech Rep.
	Total animal imports	18358	32821	42072	42872	40513	Germany Netherlands Czech Rep.
Total imports		200812	248271	281423	292424	327145	
	% animal of total imports	9.1	13.2	14.9	14.7	12.4	
Exports	Live animals	22876	35613	44610	34900	28488	Italy Croatia Romania
	Meat and meat products	141447	166985	193494	164970	160272	Germany Italy Japan
	Dairy products and eggs	22628	26693	35150	28554	30545	Ukraine Italy Czech Rep.
	Total animal exports	186951	229291	273254	228424	219305	Germany Italy Japan
Total exports		474067	550500	656219	601293	630257	
	% animal of total exports	39.4	41.7	41.6	38.0	34.8	

Source: Hungarian Bureau of Statistics.

in technology, relationships with producers, logistics, training etc, have been a barrier to many Hungarian companies traditionally involved in the trade while at the same time providing an opportunity for foreign investment to enter into an expanding market. This regulatory burden is greater in the cattle and pig sectors and there has been a corresponding shift to poultry and fish production.

A clear reflection of the restructuring over the last five years has been a drastic decrease in the number of abattoirs from about 1,000 in the year 2000 to 160/170 in the year 2005. About 80 per cent of all the slaughtering activity is carried out by nine abattoirs, of which four are for cattle. In addition, there is considerable domestic slaughter, but even this proportion is probably declining (Kaufer, 2004, p. 24).

Many of the major processing plants are part of integrated businesses that span the complete chain. A good example is Carnex Kft., one of the major meat trading companies in Hungary. They run slaughterhouses, and produce poultry, foie gras and pork, through a

number of separate companies, such as the poultry company, Békéscsaba Poultry Rt. In 2004, Carnex generated annual revenue of Ft 140 billion–Ft 150 billion, leading the poultry market and second only to Sándor Csányi's Délhús Rt on the entire meat market.

20.4 PROCESSING: A CASE STUDY FROM ONE COMPANY

Provera is a buying group for the Belgian Louis Delhaize group, which has stores of different formats under four different fascias: Cora - Hypermarket, Alpha – cash and carry, Match – supermarket/convenience store, Profi – soft discount. They do not work directly with farmers, nor do they own slaughterhouses. They work with companies such as Debrecini Hus Kft or Gyulai or Mastergood or Blikk-3 Kft to source ultra-fresh meat products for stores. These companies seem to bridge the relationship between farmers and abattoirs. They also buy from big Hungarian processing companies who produce processed meat products like Pick. They arrange contracts with producers of Mangalica pigs and Grey Cattle, which only special companies can provide. They make long term agreements with companies who have slaughterhouses that meet EU guidelines. The size of the plants in Hungary means they can not take all of the business Provera would choose to put through them, therefore they have to use more than one company. According to them, despite selling meat to a range of store formats including hypermarket and discount, there is no variation in the quality of the meat. To ensure the meat is to a particular quality they only make contracts with companies who have been audited by Agro Consultancy (the audit company they prefer). These quality standards do not include anything on welfare. However, our informants state that they do not buy meat where it is obvious that the animal has been treated badly. They only buy meat from Hungary and this meat is labelled accordingly. Provera do not actually pack the meat, this is done by the processing company. They do export some products to other supermarkets that are part of the Louis Delhaize group (Interview Provera).

What this study shows is that there is no infrastructure available for differentiation of products through the use of various assurance schemes in Hungary. Despite Provera acting as a wholesaler for a range of different store brands, food quality, as guaranteed through quality assurance schemes, is not something that is part of the Hungarian meat supply business. It is also interesting that the buying group for all those store formats operates under a different name. This system is more similar to the Dutch owned Ahold retail business who own a number of different store brands that operate businesses for different parts of the market. It is also clear that in spite of the size of some farms and some being cooperatively owned, the farmers have very little power within the food supply chain, in contrast to for example the large producer cooperatives in Norway that control the processing business and restrict retailing behaviour. For our study it is difficult to know whether Provera's role is unusual or commonplace in the Hungarian food retail market. Whatever, it reveals information about how the relationship between farmers, abattoirs,

wholesalers and retailers could be structured. The close relationship between Provera and their supermarket store outlets suggest that it is there where much of the power in the supply is located.

In terms of improving animal welfare this study shows that currently the major stipulation that Provera make on their upstream suppliers is that abattoirs comply with the European standards. However this is not part of any Hungarian industry standard. The use of Hungarian products, apart from recognising the country in which the animal has been raised and slaughtered stands for little extra.

In Chapter 22 we will be looking in more detail at issues in the processing sector within the cattle, pig and chicken markets.

21

RETAIL

During the last 15 years the Hungarian food retail trade has undergone profound change and has now reached a more mature state. This process can be divided into four phases:

- spontaneous privatisation (1989–1990) and the launch of a great number of small enterprises, a lot of them for avoiding unemployment;
- privatisation (1991–1996): the establishment of multinational and Hungarian chains, increasing number of stores; more and more small independent stores;
- the beginning of concentration (1997–1999/2000): the growing importance of the Hungarian and foreign chains, the introduction of new store types, first of all large surface (hypermarket) stores;
- strengthening concentration (from 2000): the number of market players decreases, the stores of large surfaces pull further ahead while the number of small independent stores started to decrease (Béládi et al, 2005).

Hungary has been one of the most important expansion markets for western retail groups since the early 1990s, and many of the continent's big names are present across all formats, although a few local players are still retaining their position. In 2005, the top five companies account for 67% of food sales and the Hungary retail sector was characterised as a relatively 'mature' market (*Business Weekly*, 19 September 2006). These five companies are CBA Kereskedelmi KFT, Co-op Hungary Rt, Tesco Global Aruhazak Rt, Metro Holding Kft and Real Hungaria.

> 'A number of conditions have helped these retail chains consolidate their positions on the Hungarian market, not least of which include: changing shopping habits, demand diversification, growing consumer disposable income, increasing popularity of once-a-week grocery shopping, flexible opening hours and, perhaps, most importantly, favourable pricing policies' (*Budapest Week*, 8 Feruary 2005).

Figure 21.1 shows the logos for four of the main supermarket chains. Table 21.1 gives some further details on the leading groups in terms of turnover, growth, the number of outlets, and the total sales area of these outlets. For more details on the major players in Hungarian retailing, see Appendix 3.

FIGURE 21.1 Logos of four of the major supermarket chains in Hungary.

TABLE 21.1 Leading retailers in Hungary ranked by retail turnover, 2003 (HuF billion).

Retail group	Retail turnover	% growth on 2002	Outlets	Retail sales area ('000 sq m)
CBA Kereskedelmi Kft	415.0	15.0	2,812	286.3
Co-op Hungary Rt	347.6	13.9	2,700	351.0
Tesco Globál Áruházak Rt.	314.2	26.0	58	263.5
Metro Holding Kft	249.2	7.4	34	188.3
Reál Hungária	190.0	28.4	1,960	164.2
Auchan	168.0	56.6	8	106.0
Spar Magyarország Kereskedelmi Kft	152.0	42.9	156	172.5
Penny Market Kft	106.5	5.0	140	126.0
Magyar Hipermarket Kft (Cora)	105.0	7.6	6	74.0
Plus Élelmiszer Diszkont Kft.	98.5	5.5	130	85.2
Csemege-Match Rt.	77.6	8.0	133	49.4

Source: Euromonitor.

While there were about 35 000 general food stores there were also 3,000 specialist meat shops in Hungary in 2004 (Hungarian CSO). Generally interviewee comments about retailers were favourable about trust, safety aspects and provision of information to consumers.[12]

Tesco, Cora, Auchan and Interspar are the four Hypermarket store brands. They had 32% of total grocery retail in 2005 (GMID). Supermarket size stores are covered by the store brands Spar, CBA, Real, S-Store, Kaiser's, and Match. This store-size covers 15% of total grocery retail (GMID). The industry consensus suggests that the period of rapid retail expansion in Hungary is now coming to an end. All major towns are now served by at least one hypermarket. Over the coming years Euromonitor (2004) expects on-site expansion and the improvement of facilities to characterise change in the coming years. However the largest sector is the convenience stores which cover 41% of total grocery retail in 2005 (GMID). The store brands operating at this level include the two largest retailers – CBA and Co-op as well as Smatch and Tesco (who have recently started entering this format). This is still the most important part of the market. CBA's retail success has been through maintaining a presence in these small, local shops (usually on a franchise basis) whilst having the benefits of drawing operationally upon a centralised buying group. The discount retail sector covers the smallest part of the Hungarian food retail business, only 12% of total grocery retail sales in 2005 (GMID). The store brands present in these stores are Plus, Lidl, Penny Market, Profi and Jeee. Euromonitor (2004) expects that these

[12] More recently, there have been a number of incidents that may have challenged this view.

discount stores with their lean retail models will increase as price is one of the main areas of competition.

The impending accession to the EU presents several regulatory restrictions especially for food retailers. This mainly affects the way food is stored and sold in outlets (Hazard Analysis and Critical Control Point – HACCP), in terms of storage, personnel and administration. HACCP systems are established mainly to control food safety.

Farm animal welfare was not found to be addressed in any communication by any of the retailers at a corporate level, neither the domestically based nor those established by foreign owners. Although some evidence that farm animal welfare is being used to differentiate and market products were found (for further detail, see Chapter 22 and 23). It was commented by Cora (one of the major retailers) that Hungarian consumers were not interested in provenance and thus it was not much of a priority for the market and something that they did not want to go out of their way to stress. Animal welfare communication is often part and parcel of a communication strategy about the provenance of a meat/dairy product. This will be outlined in greater detail in the following section.

22

FIVE PROVISIONING CHAINS

22.1 EGGS

22.1.1 Production

There are an estimated 16.2 million laying hens in Hungary (HCSO 2003). The egg sector in Hungary is growing in size. Production in 2001 was 3.27 billion eggs, this grew to 3.43 billion eggs in 2003 (HCSO). Not all of these eggs are sold through formal supply chains. According to HSCO 2003 figures, a little over 50% of eggs are not sold through formal supply chains, but are from informal 'peasant' production at the homes of rural inhabitants many of whom have a small piece of land and some animals for subsistence and small-scale trade. Many believe that welfare is better in the informal production sector, where more traditional methods of production are followed.

The tradition of farmers selling eggs without labels (through formal channels) was changed with new EU regulations from 1 July 2005. They now have to mark the eggs with codes for cage, barn or free range and the code of organic, and also include an ID number. Hungarian origin will also be noted. The Poultry Product Board ran an information campaign for consumers, to help them understand what the new EU codes on types of egg production mean. It is thought that consumer information about different forms of production may help increase market demand for eggs from alternative systems. But as incomes are low it is not expected to cause a large increase in demand for free-range eggs. The Poultry Product Board imagines young people from the cities with higher incomes and better education may be more able to afford to buy these products in the future than those with lower incomes and less education (Interview with the Poultry Product Board).

With such a large number of eggs being produced outside of the formal sector there are a lot of unknowns about welfare levels in this sector. Obviously much more detail is obtainable about the formal sector. According to the Ministry of Agriculture (Dr Pallos) 90–93% of layer hens in formal production are in cages, while the remaining 7% are in deep litter, barn or free range. The animal welfare standards relating to cage systems are in line with those of the EU.

According to the Advisory Board on Animal Welfare, the development in the method of production on Hungarian poultry farms is held back by dated technologies and poor

ventilation. At a time when the price of eggs is quite low they consequently struggle to afford these investments, such as cages for hens. Although widely criticised on welfare grounds, one imagines that these would improve the efficiency of their production, which is their primary goal rather than welfare.

22.1.2 Barn, Free-range and Organic Eggs

Although the welfare implications of industrial cage unit production are publicised in Hungarian media, and is said to constitute the second greatest animal welfare concern of the Hungarian citizen after stray dogs, eggs from more animal welfare friendly production systems only account for around 7% of the (formal) market.

Barn eggs seem to be the most recognised of the higher welfare labels. These tend to be produced on smaller sized farms, with 100–1000 layers, with an estimated annual output of 900 million eggs (La Kállay et al., 2006).

There seems to be little understanding of 'free range' and it has little presence on the market. Although when informal production is taken into account, the size of this sector is probably much larger. The Poultry Board said that the term free-range is not commonly used in Hungary because most people do not know what it means, whereas people do understand what organic means from its usage on vegetables.

There is a company called FarmTojas <http://www.farmtojas.hu/menu3_4.htm> who produce a range of speciality eggs as well as conventional eggs. These speciality eggs include – barn eggs, organic eggs, extra large, omega3 enriched, salmonella monitored. None of these eggs are exported, they are all for the domestic market.

There is a small amount of organic production conforming either to Biokontroll or Hungária Oko Garancia. Although according to the Poultry Board, Bio Friss, the only

Figure 22.1 A box of barn eggs.

major organic producer, closed in 2005. There appears to be a lot of potential for small-scale farms to move into certified organic production.

22.1.3 Processing, Distribution and Retailing of Eggs

The egg industry is characterised not only by considerable fragmentation at the level of production, but also little integration along the provisioning chain. There is very little vertical integration of the type seen in, for example, the UK egg industry. No large egg wholesalers exist in Hungary; instead each buying group has their own depot, which deals individually with each producer. The limited capacity of egg grading and packaging systems has been a cause for concern within the supply chain.

On EU accession, the labelling of each production system – caged, barn, free range and organic – has had to conform to EU regulations [Commission Regulation (EC) No. 1651/2001, *OJ* L 220, pp. 5–11]. From 1st July 2005 all eggs have to carry the 'quality' stamp (along the lines of the Lion mark in the UK) indicating conformity to HACCP and ISO norms. The effect of both these changes on the egg packing industry is as yet unclear, not only regarding product diversification and control systems in egg production, but also with respect to potential effects on the structure of the provisioning chain.

Hungary neither imports nor exports eggs in any significant quantity.

22.2 CHICKEN

22.2.1 Production

Hungary was a big producer of chicken meat already before transition. The production dropped drastically but only temporarily with the collapse of the Soviet system and the Soviet market (Hungarian Poultry Product Board). Besides producing for the domestic market about 40% of the production is actually currently being exported to Germany. In 2001, 362 056 tonnes of chicken was slaughtered, this dropped slightly to 346 859 in 2003. Of this 2003 figure, 25 000 tonnes was free-range meat according to the Poultry Board. There are six major free-range chicken producers in Hungary (see Figure 22.2). Overall, the poultry meat sector is the only meat sector that has experienced sustained growth in the last 15 years.

FIGURE 22.2 A map from the Poultry board official's office showing the distribution of the poultry-related industries across Hungary.
Notes: red pins – chicken slaughter/processing plant; yellow pins – large broiler producer; white pins – broiler hatchery; black pins – goose and duck; blue pins – turkey and duck; gold pins – free-range chicken meat (of which only 6); green pins – table eggs (caged egg farms 93%; barn system 7%).

The main reasons for this growth have been both, an expanding internal market in Hungary and an export market in EU as well as the availability of cheap feed. The production of chicken has historically been more integrated than other sectors, with slaughterhouses providing chicken feed and buying the full-grown chicken, although no 'complete integration' exists. The most vertically integrated systems are those owned by foreign capital. Production is well organised with most producers operating on long term contracts. As well as producing their own chicken, chicken breast is also imported from Brazil and Turkey (Poultry Product Board). This imported chicken meat is generally used only in processed foods. About one third of the chicken are produced outside of the formal chain, by small producers for their own consumption or small local trading (Landbouwraad, 2005).

Babolna is the last of the big state farm cooperatives to close. It closed in 2005. Previous to that it was turning out 60 million chickens a year, employing 6,500 people directly, and thousands more indirectly. It was providing the meat for McDonald's for Eastern Europe's McNuggets.

As can be seen from the description above, standard accounts for the majority of production (> 92%) in which animal welfare standards in line with EU regulations are

TABLE 22.1 The Hungarian poultry market.

	2004	2005
Chicken meat		
Production	173	170
Consumption	160	159
Export	22	21
Turkey meat		
Production	93	94
Consumption	70	71
Export	28	27

Source: Landbouwraad, 2005.

being implemented (with informal, home production probably as a noticeable exception). 'Quality' products have recently appeared, in particular the scheme run by the Poultry Board:

> 'In spring 2002, the Hungarian Poultry Product Board launched the Controlled Hungarian Poultry Programme, which is based on the use of a trademark for each poultry product (be it raw or processed meat) that is bred on Hungarian forage, fulfils the requirements of the quality and safety regulations, whether it is a fresh or a processed product. If the consumer sees this trademark on the product, he can be sure that the product:
> ... was made by a Hungarian producer,
> ... has undergone strict quality control,
> ... its safety is guaranteed by the Poultry Product Board,
> ... was made of Hungarian raw material,
> ... and is delicious!!!' (Poultry Product Board Website <http://www.jomagyarbarom fi.hu/eng/inner_eng.html>).

22.2.2 FREE RANGE

There is some demand for free range in the supermarkets and high-end catering but it remains a very small part of the market (< 7 %). Retailers are starting to market free range, high quality alternatives. For example, in the Cora supermarket visited by the Welfare Quality research team we came across a special display unit in the style of a rural shelter, with wooden roof. There were posters on the display unit that gave ten reasons why it was good to buy this free-range chicken.

One of the free-range products with greatest market share is the Mastergood chicken. This production system is based on the Label Rouge system in France, and has recently been set up to produce a quality, free-range product (standards include environmental as well as animal welfare components). Red Master refers to the specific breed of chicken the system uses. As the diagram below shows, Mastergood is an integrated chicken supplier, controlling breeding, parent flocks, feed mills, processing and distribution. On the shelf it is 80% more expensive than conventional chicken products (see text Box 22.1).

BOX 22.1 Method of production for Red Master brand poultry.

Since July 2002. the Red Master brand poultry products, which was expanded according to the French Label Rouge program, could be found in the Hungarian supermarkets. These products are permanently controlled from the plough-land to the table of the consumer and the animals are kept in free range system. To comply with the requirements is not easy in the free range system and the production demands special care. In the Red Master program the breeding birds are extensive type and slow growing. The hatched out chicks are accommodate in large stables which provide natural light through the windows and adequate temperature. In the 42nd day of the chick's life they moved to another stable where they can be outdoor on the fresh air and free to scrape in a land with grass. Free range does not only means that they are not kept indoor but stocking density is lower as well so this raising technology stand closer to the natural. In this system the animal's food are made by exclusively plant origin (contain: min. 75% corn and wheat). Because of this the meat of these animals' tastes better and differs from those chickens' meat which was raised on nutrient only. Their food does not contain any animal protein, growth-hormones or antibiotics. Additionally can be used plant protein (sunflower, soya), vitamins and minerals. The well being of the animals and the longer, 81 day, raising period have a positive effect on the quality of the product. The free range environment is good for the animals from the animal welfare point of you as well. An independent organization does the quality control and the consumers could have more information from the label on the product.

Source: Red Master, 2007; see also Kaufer, 2004, p. 17).

Figure 22.3 illustrates the Mastergood supply chain. The Mastergood product range shows the potential for the familiar welfare-friendly products found across Europe to also find a retail market in Hungary.

22.2.3 SLAUGHTERHOUSES, PROCESSING AND DISTRIBUTION

Slaughterhouses/processors have played a central role in integration, through contracts with producers (including pre-finance for feed and chicks) and meeting the requirements of retailers and exports. Each buying group usually have a limited number of processors which supply them. Before accession to the EU there were 64 poultry processing plants, of these 46 already had the EU label/number. If a poultry processing plant does not have an EU label it can only produce for the local area (Poultry Product Board). In 2005, four of the non-EU labelled plants had gone out of business. They also have to meet Russian guidelines which are as strict as the EU.

As well as demanding a certain consistency of quality, retailers are also continually pushing for increased efficiency and lower prices. As shown above, the dual pressures are leading to consolidation and greater integration.

The Poultry Product Board has been involved in promoting Hungarian chicken to German consumers. In 2003, there was a big marketing action in Munich, where they invited German wholesalers and representatives from retail chains. In 2004, 10 journalists were shown around the poultry factories in Hungary.

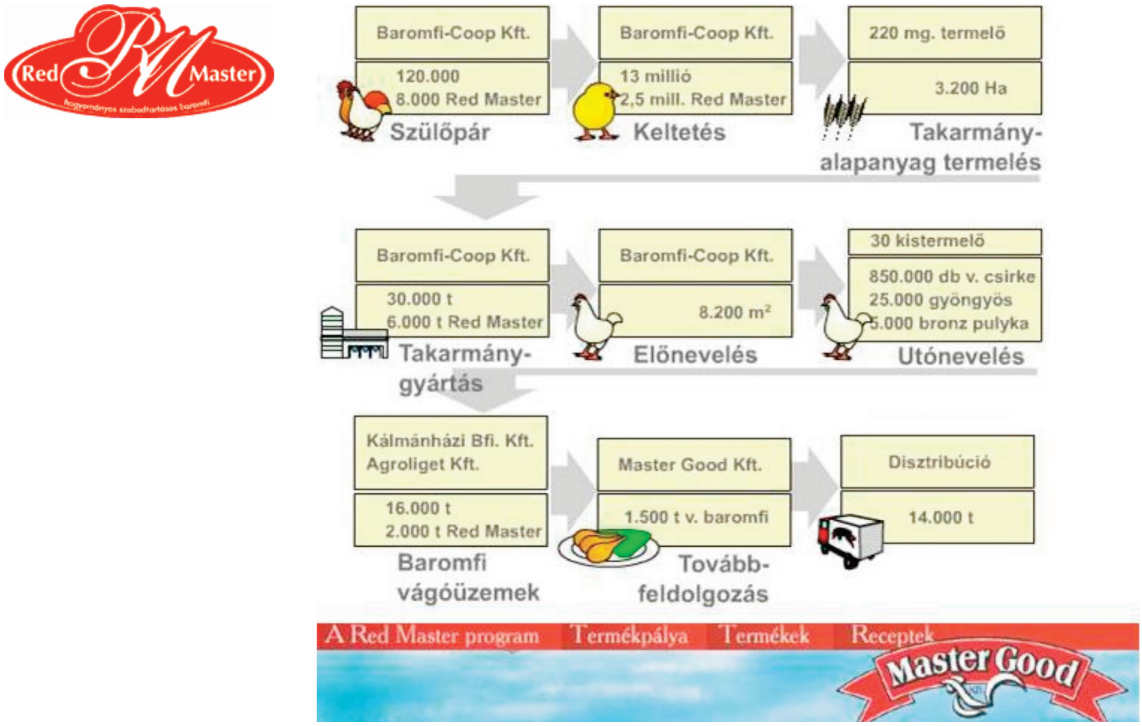

FIGURE 22.3 The Mastergood supply chain.
Source: <http://www.mastergood.hu>.

22.3 MILK

Although there are two or three good co-operative dairy farms, dairy farming is not ideally suited to Hungarian conditions, with its long winters and hot summers. From a structural point of view much of the animal housing in Hungary are old and the air flows are not adequate. Although cattle production is not important in Hungary, there is considerable demand for beef from Italian sources, so many calves and beef cattle are transported live for slaughter in Italy. Many of the calves are exported directly from farms by dealers who check the availability of stock.

22.3.1 PRODUCTION

The majority of the milk produced goes into further processed dairy products, mainly cheese. The five biggest suppliers supply 50–60% of milk sold to processors. In the pre-reform period, large-scale state farms (1,300 head) and collective farms (300 head) accounted for nearly 80% of output in 1989, with small scale production accounting for the remainder. The period since then has seen the privatisation of state farms and a dramatic reduction in collective farms. In 2003, agricultural enterprises (whose average herd size

TABLE 22.2 The Hungarian dairy market.

	1999	2000	2001	2002	2003
Milk					
Cows (x 10^3)	339	380	368	362	350
Production	2,045	2,080	2,080	2,068	2,100
Delivery	1,582	1,711	1,730	1,724	1,700
Cheese					
Production	93.9	101.4	107.8	107.9	
Export	13.2	13.3	19.0	20.7	20.3
Consumption	83.3	90.2	88.4	90.2	
Butter					
Production	13.8	10.5	9.7	12.3	11.7
Export	4.8	1.2	1.8	3.3	1.3
Consumption	8.3	7.5	6.4	6.7	
Low fat milk powder					
Production	5.6	4.7	9.1	11.1	
Export	3.8	1.6	5.5	8.4	9.2

Source: Landbouwraad, 2005.

numbers 300) accounted for 69% of output. These, along with a minority of private farms with large herd sizes, have developed the closest relation with the processors, having been able to ensure quantity and quality of their product. The costs of this quality assurance – EU food safety and hygiene in particular – are claimed to be very high.

At the other end of the sector are the small-scale private farmers who produce mainly for own consumption and direct sale to consumer. They account for around 10 per cent of the market (Fertő et al., 2004) and there is no inspection for quality, little regulation, and a low use of technology. Traditional breeds such as Hungarian Red Spot are normally bred.

The farmers under most pressure are those with a small dairy herd, which is still too big to solely distribute along informal channels, and who have to sell to processors. The high costs of ensuring quality standards and the low price of milk are driving these farmers out of business.

The dairy sector is experiencing a fundamental restructuring with many small producers quitting production, an ongoing concentration of not only production in big farms but also of processing. The number of dairy cows has decreased by 18% from 1992 to 2002 and the number of dairy farms by 45% from 1996 to 2003 (Landbouwraad, 2005). And the process is on-going from 380 000 in 2001 to 320 000 farms left in 2004 (European Commission, 2002; Netherlands Ministry of Agriculture, 2004). It is mainly smallholdings which stop production as they are unable to live up to the quality standards that were implemented in the dairy sector after 1989. This may be explained by the dominant presence of international firms in dairy processing (Landbouwraad, 2005). They introduced quality control and the HACCP system and made living up to these requirements mandatory for milk delivery.

22.3.2 Organic Milk

There is some segmentation in terms of organic but little domestic demand. In our limited market survey we found UHT organic milk on both supermarket stores we visited (see Figure 22.4), produced by the Hungarian company Zold Farm. As national demand for organic milk is low due both to traditions of low milk consumption and relatively speaking very high prices, the potential for growth seems to be first of all in export markets.

22.3.3 Processing

It is the large-scale processors which have driven change and integration in the sector. They have rationalised the number of actors they deal with, put in place both quantity/quota and quality requirements which are negotiated via long-term skeleton contracts with the larger milk producers (Fertő et al., 2004).

> 'In a number of cases their relationships with producers have become more entwined by extending credits, assets (such as cooling equipment) and the provision of technical advice and variable inputs' (Fertő et al., 2004, p. 31).

Many of the large-scale processors are now foreign owned. These have been instrumental in the drive to improve the quality of raw milk produced (Gorton and Guba, in Fertő et al., 2004). The processors determine quality requirements and enforce them through the procurement system. Farmers are paid according to the quality of milk with bonus payments for 'extra quality' milk and penalties or refusal to purchase milk below certain quality thresholds. These quality thresholds have had the effect of excluding small-scale (household) producers who cannot preserve the quality of milk due to the lack of adequate cooling facilities. The old system of local collectors has become redundant in terms of servicing large processors. Processors have become much more market orientated and integrated into the logistics of selling to centralised buying groups.

Figure 22.4 Organic longlife milk.

22.4 BEEF

22.4.1 Production

Cattle production in Hungary is often cited as an industry in chronic crisis. It is historically closely linked to dairy production as in Hungary it were mainly old dairy cows which were slaughtered for meat (Landbouwraad, 2005). The recession of the late 1990s had a negative impact on meat consumption in general, but beef, seen as a luxury meat, was the most severely hit. The number of heads of cattle has decreased from 928 000 in December 1995 to 708 000 in December 2005. Of this production, only a low number are of quality cattle stock producing high quality meat. In contrast to dairy herds, these dedicated beef herds are free ranging during the season.

Table 22.3 shows changes in per capita consumption of various meats during the 1990s. It demonstrates the limited position of beef and veal as compared to pork and poultry, but also the shift that took place from pork to poultry.

Recently there is an upturn in beef production and the growth of the beef stock is estimated at 1–2% per year (PVE, 2004). Table 22.4 shows that there is a total decline in cattle, but that the production of beef is increasing slightly.

22.4.2 Processing

Following EU legislation, all cattle are tagged and there is full traceability on all carcasses.

Table 22.3 Consumption per capita of main foodstuffs (kg).

Category	1990	1993	1996	1998
Beef and veal	6.5	7.9	5.2	4.4
Pork	38.8	31.9	27.3	27.0
Poultry meat	22.8	22.4	23.5	26.8

Source: HCSO, 2000.

Table 22.4 The Hungarian beef market.

	2002	2003
Cattle in 1.000 animals	770	739
Cows in 1.000 animals	362	350
Beef in 1,000 ton	94	112

Source: Landbouwraad, 2005.

> 'In Hungary all the cattle are tagged. The system is the same as in the EU. The same has been started with the pigs; it is also possible to scan this internationally.'
> 'Is it possible to trace the carcass?'
> 'Yes the same as the EU, the qualification and the classification' (Ministry of Agriculture, Livestock & Meat Product Board).

Blikk-3 RT (Figure 22.5) sells beef to Tesco; in our limited survey we found a leg of veal carrying this label. The label is owned by a wholesaler who also sells meat to Hipp (baby foods) and for Knorr Products. It appears that companies such as Blikk-3 RT work independently of the retailers. However, it is not clear to what extent they have significant relationships with some retailers more than another or in other words how integrated the supply chain is. The retailers may be sourcing meat for their manufactured and private-label ranges on the open market or they may have special relations with particular processors. In addition it is not clear whether there is in any producer interest involved at the level of processing or whether processors operate independently from producers. Processors are important actors in the supply chain since they negotiate the supply of meat products between producers and retailer buying groups like Provera.

In addition the influx of foreign-owned meat processing plants, such as the Bernard Matthews poultry processing plant in Hungary, indicates the role of Hungary as a commercial resource in the international export of processed meat products.

22.5 PIGS

22.5.1 Production

The pig is an emblem of Hungarian agriculture and figures prominently in their culinary traditions. There are both large and small units but many big pig farms appear to have been broken up. There are a few big pig farms but a lot of the pig farms are struggling in Hungary and the co-operative farms tend to be poor performers and to always have the lowest financial returns as it is a very cyclical business, with variable prices.

Figure 22.5 The logo of one of the major ultra-fresh abattoir/meat processors Blikk-3 RT.

The privatization of state firms and the loss of cheap grain, especially fodder from the former Soviet Union, resulted in a sharp decrease of pork production from about 12 million pigs in the early 1980s to 6 million pigs in the late 1990s. Of these 6 million pigs about 1 million pigs were kept in very small holdings and meant for family consumption (Meat and Livestock Commission, 2002). In 2005 the number of pigs went down to 4.5 million (Landbouwraad, 2005), see Table 22.5. Most of the farms combine the breeding and finishing of pigs; only 30 per cent of the farms is specialized in one or the other (Knowles 2002). The expansion of the pig sector is limited by the need for a production license which delimits the number of animals for the next five years, as well as by lack of investment capital.

At the moment, about 60% of the slaughtered pigs conforms to European quality standards. Still Hungary exports quite a lot of pork meat, mainly to Spain, Italy, Japan and South Korea. About 80% of production is meant for the domestic market (Landbouwraad, 2005). The sector is in the process of restructuring. Slaughterhouses work at about 50% of their capacity at the moment and only part of the slaughterhouses and pork processing manufacturers comply with EU regulation with regards to animal welfare regulation. Still, at the moment a large proportion of the pigs are held in very small family farms. In rural areas, many people keep a pig or two in their backyard. It is to be expected, however, that in the near future only the bigger farms will be able to survive.

The Livestock and Meat Product Board is planning to conduct an animal health survey which will be connected to the pig grading system at the post mortem inspection. This involves a professional examination of the animal in the slaughterhouse. They are working with a University animal health section to create a coded system for this animal health examination which will facilitate traceability back to the farm of origin. The product board accepts that the results of animal production are much better when the pig is raised in circumstances where the welfare is protected.

TABLE 22.5 The pork market in Hungary.

	2001	2002	2003	2004	2005
$x10^3$ animals					
Pigs	4,822	5,082	4,913	4,180	4,500
Piglets	1,141	1,227	1,042	930	970
Sows	343	381	327	280	290
$x10^3$ ton					
Production	346	373	364	346	355
Import	30	39	27	32	32
Export	90	85	83	66	70
Consumption	257	288	284	284	284
Consumption per capita (kg)	25	28	28	28	29
Self sufficiency (%)	135	130	128	122	125

Source: Landbouwraad, 2005.

22.5.2 Free-range Production

The livestock and meat product board estimate that 600 000 to 700 000 pigs are being raised in a free-range production system, although there is no differentiation or commercial marketing of pork as 'free-range' or 'outdoor raised' as we find in some other countries. For free-range pork a consumer would have to have local knowledge to be sure they were buying such a product.

The quality pork alternative on the market is the much publicised and marketed Mangalica pig products produced in low quantities, with limited availability, and sold at high prices.

22.5.3 Processing

There are many small abattoirs and processing units in the country. But 14–15 companies control the majority of processing. Foreign ownership of processing companies by Dutch, Danish, German and French companies is on the increase.

For pigs, about 60% of the livestock is sold to the slaughterhouse under contract. In the future considerable changes are expected, as a project that will offer a chance to the farmers to become owners of the slaughterhouses is under development. It is hoped to have this operation underway in 2007. The capacity of this new slaughter unit will be one and a half million pigs.

23

THE MARKET FOR ANIMAL WELFARE- FRIENDLY PRODUCTS

23.1 GENERAL

The retail market is extremely price driven. Having said this, provenance (i.e. Hungarian origin) is still a very important part of the market for meat products. Most of the retailers (including those that are foreign owned) in the main only stock Hungarian produce on their fresh lines. This is not as much the case for more processed products. Any differentiation in terms of quality among the major retailers seems to be secondary to competitiveness on price. As we would expect from the importance placed on provenance, many meat products had some label that suggest its Hungarian origins. Few retailers are willing to put their brand at risk by stocking non-Hungarian meat. An industry organisation official stated Hungarian consumers are interested in where their beef or meat comes from, and traceability back to a region. They are interested in the tagging system, to see that the tracing is operating, so the carcass can be traced within seconds as prescribed by the legislation. Retailer, restaurants and caterers are also interested in the provenance of the products.

The emergence of own brand products, pioneered by Tesco, has been key to retailer success, building a reputation for good quality 'value' or standard fixture. At present there is little segmentation within own brand ranges. This means there may be a lot of space for innovation in terms of own brand premium offers for consumers to trade up to and an opportunity for higher animal welfare to enter into the market.

The low degrees of differentiation at all levels of the provisioning chains that we have studied are reflected even in the marketing of animal friendly products. There is little segmentation of market along animal welfare lines. The wider concepts of 'traditional' and 'Hungarian' have much more resonance to the consumer. These are embodied first and foremost in the extensive farming of Mangalica pigs and Grey Cattle (see pictures in Figure 23.1).

Labelling, including labels concerned with animal welfare (barn, free range and organic), are regulated by EU regulation. In practice 'free range' is claimed not to be understood by consumers and is rarely used on packaging. In contrast to this, barn eggs seem to be a recognised tier above caged laying hens. As mentioned earlier in the report, the welfare of

FIGURE 23.1 Mangalica Pig and Grey Cattle.

caged laying hens is seen as the second most important concern Hungarians have about animal welfare – after stray dogs. The presence of barn eggs demonstrates that animal welfare is of consumer interest and can make of point of differentiation in the marketing of meat products.

23.2 ANIMAL WELFARE IN HUNGARIAN FOOD PROVISIONING SYSTEMS

Compassion in World Farming (CIWF) has reviewed the situation regarding farm animal welfare in four East European countries, including Hungary (Kaufer, 2004). They have looked at the situation on farms, in markets, during transport, and at slaughter. A number of points are made.

Small-scale primary farms for domestic consumption, representing a significant proportion of animal farming (see also Chapter 22), are significant for understanding the situation. Animal welfare on these farms has the potential to be good, as is, as we have seen, also reflected in public opinion. But special legislation and control is required to maintain hygiene and welfare, especially in as much as handling of animals and stockmanship can be a problem. At the same time, however, smaller farms tend to be free range or semi free-range and are, according to Kaufer, in a better position to move towards organic farming. It is important also to notice that current enforcement procedures seem generally not to direct attention to these.

Large-scale farms are increasingly establishing technologies and husbandry systems common throughout the EU. However, as we have seen, most of these farms are in need of huge investment for modernisation to meet EU sanitary and veterinary requirements, including also those referring to animal welfare. People employed on these farms are according to Kaufer usually poorly paid and uneducated in terms of animal welfare and proper handling.

Trade in live animals may according to CIWF be a challenge. That is the case for open-air markets supplying many small-scale farms, where facilities are often poor, and for cross-border trade with other EU member states.

The re-structuration of slaughtering, with significant concentration and modernisation, will probably increase the level of animal welfare during slaughter, but there may still be a need for further education on welfare and proper handling of animals (i.e. issues beyond those referring directly to hygiene). This question about education on animal welfare refers not only to slaughtering, but to all stages in the production of animals for food.

23.3 ORGANIC PRODUCTION

Although the market presence and consumer awareness of the organic 'brand' is fairly low in Hungary, it is very much linked with higher animal welfare in the consumer's mind. Having said this, organic is generally marketed on health grounds rather than on higher welfare credentials. Moreover, to the Hungarian public organic consumption seems frequently to be associated with vegetarianism (see Chapter 24). Organic production in Hungary is very limited, forming only a fraction of domestic production. Domestic demand is likewise very low, with specialist food shops meeting this demand in the major urban centres, in particular Budapest.

The supply of organic food is two-tiered, provided via very different systems.

1. '*Informal*' – small-scale production at the smallholder/small family farm size, with little use of synthetic products (fertilisers, medicines etc), local distribution networks (own consumption, neighbours, village market), and low use of technology. There is no quality control at any level. This debatably 'organic' sector accounts for around 10–20% of the market (Fertő et al., 2004). It may present a potential for 'formalization' of this extensive, locally sourced form of agriculture and distribution.
2. *Formalized* and inspected organic production is certified by Biokontroll Hungária Kht and Hungária Oko Garancia Kht. However there is little consumer awareness of either of these certification bodies but biokontroll trusted by those who know it. This formalized organic sector started in the 1980s (Organic-Europe, 2006). This sector is to a large degree oriented towards exports (90%), promoted by the organisation Natura WG. It accounts for around 2% of Hungarian market but a larger stake of exports. While there is organic farming in all regions, most of these farms are situated in the North and South Alföld regions and in Northern Hungary. Compared to crop production animal husbandry is not so important in organic farming, but the significance of organic animal production has increased in recent years. The Hungarian government has given some financial support to farmers who wish to

converge to organic farming, and Hungary is of course now also part of EU's support system.

All in all, informal supplies of organic (or 'almost-organic') are probably of a larger scale in the domestic market, but the total market shares are small. Formalised and certified organic production, mainly of vegetables, is growing, but it is first and foremost oriented towards export markets.

'Organic food?'
'No, as it is not a big market, it is only between 5% and 10 %, you cannot know exactly as in the countryside it is not clear which market you buy from. We only have official markets in the bigger cities. So the organic market is controlled officially with labels and BIO control, and then you have the organic market which is based on personal networks… but this one is not an official market' (National Association for Consumer Protection).

As the informant makes clear, strict control and auditing of organic production is very limited and consequently exact figures on production are impossible. However, commentators do see this figure rising if 'informal' peasant production is co-opted into a formal system, with products differentiated and marketed along traditional, organic lines. On the other hand, the 'informal' system is based on very different types of interrelations, conditions for trust, and consumer expectations of quality, control, etc., producing specific demands and requirements on such a transition.

23.4 THE MARKETING OF FARM ANIMAL WELFARE

From our brief survey of two major retail stores and one organic store in Budapest it is clear that there are a few products that the discerning consumer could buy if they were looking for animal welfare-friendly alternatives. No recognised label seems to exist for specific. welfare friendly products. This is supported also by observations made in the CIWF investigation (Kaufer, 2004). But, as for other European countries (Roe and Marsden, 2007), labelling programmes that combine animal friendliness with other topics or aspects of the food product may be more likely. We have surveyed all products that carried labels suggesting quality and communicated something about the method of production, as shown below.

In our brief survey we did find a limited number of products that suggested improved welfare, whether it was an organic product, suggested a traditional Hungarian production method, or featured explicit reference to animal welfare: (e.g. a Label Rouge free-range chicken product, or barn eggs.

Here we see a range of different products being marketed as higher welfare but with so few farm assurance programmes, in particular assurance schemes that explicitly qualify animal welfare, there is little consistency to these claims. It is telling that our key informants gave rather inconsistent interpretations to several of the product labels that we found during our small market survey.[13] With a strong focus on price, the possibilities for financially sustainable alternative production systems (higher welfare) are relatively low at the moment.

TABLE 23.1 Overview of labels identified in a market audit and their interpretation.

Label	Product	Interpretation
Gyulai	Pork product	It is a farmers company that originated from the Gyulai City. The pigs are fed natural foodstuff, almost organic, high quality.
Country chicken (Mastergood)	Free-range chicken	The meat is different. Company has their own label. Grown to a traditional method. It is traceable through the number on the label. It is healthy. It receives 100% vegetable matter as feed. It is very expensive, double the price or more.
Melyalmos	Eggs	Free outside egg
	Organic milk	The cattle live in a national park and eat only grass
Hipp	Organic	Hungarian organic chicken farm. Biokontroll is not very well known by the consumer.

[13] These labels were presented systematically to all key informants as part of the interview. The interpretations presented in Table 23.1 are those that were substantiated most concretely and with most authority.

24

CONSUMPTION AND CONSUMERS

24.1 WHO ARE THE HUNGARIAN 'CONSUMERS'?

Consumers are often understood in economic terms, as real or potential customers or a 'market'. This can in turn be measured as the demand for particular goods and services and in terms of overall purchasing power. These economic indicators are important. But in order to understand trends in food consumption (and in our case the possibility also for future changes) and to get insight into the particularities of Hungarian consumers compared to those in other European countries, we need to have a wider perspective. First of all, we need to see consumers as belonging to households with their daily routines related to food, depending on the organisation of everyday life, referring to culturally and socially embedded norms as well as a public and political opinion.[14] Households are influenced by demographic, social and political change and by interrelations with other societal institutions (notably the state and the market) in terms of divisions of labour and responsibility. What are people, as members of households, doing and what are their norms, expectations and responsibilities? We assume that all of this will influence how they deal with farm animal welfare as consumers. It is not possible here to give a deep insight into all of this, but we will present some general features of Hungarian households, how this relates to food consumption and to the issue of farm animal welfare in particular.

The political and economic transformations that have taken place in Hungary have had major consequences for consumption and the households, both in terms of material living conditions and, as we have seen in previous chapters, by the character of the food supply. If we first turn to the situation for the households, mean net incomes are much lower than in Western Europe. Gross Domestic Income (GDI) per capita is 4,830 USD, compared to 20 670 USD for the EMU area (PricewaterhouseCoopers, 2005). In the Welfare Quality population survey, 75% of the Hungarian respondents had a total monthly income after taxes below 800 Euros, compared to 2–11% in the six other study countries (Lavik, 2006). These figures hide substantial differentials, meaning that unskilled workers in economically depressed areas may receive little more than the minimum wage, which in 2002 was EUR 205 per month (PricewaterhouseCoopers, 2005). According to budget surveys, a monthly income below 50 000–55 000 HUF is seen as 'strained' (HCSO, 2005).

[14] We are here referring to a common notion of consumers as representing private individuals and households. A wider perspective on marketing should include other types of 'consumers', as represented by for example public caterers (schools, hospitals, etc.).

This equals about 200 euros. The Hungarians experienced a major recession in the mid/late 1990s. Real income per capita was in 1996, 87% of what it was in 1990, while this had increased in 2005 to 115% of the 1990 figures (STADAT, <http://portal.ksh.hu>). Seen in this perspective, there are improvements, but they are not very significant and the experiences over the last decade must still be fresh.

Unemployment rates are relatively low compared to the rest of Europe (7.3% in 2005), even though unemployment in the northern regions of Hungary are much higher (9.7%). Still, the proportion of economically active people in the age group 15–74 years is 53.8%, which is low in international comparison (70–75% in Northern Europe), similar to Greece and Slovakia, but higher than Italy and Poland. This is not first of all due to traditional family patterns with women staying at home because employment is particularly low for men. It means that large proportions of the population depend on benefits on some kind.

Like in many other European countries, birth rates are low (1.28 in 2004). The mean in Europe is 1,48. The population is rapidly aging and people also start a family later in life. Family patterns are similar to several other countries in Eastern Europe (HCSO, 2004). The number of marriages is comparatively low and divorce rates are high. The proportion of people living alone increased from 20% in 1990 to 29% in 2004.

Typical also for many East European countries, the educational level is comparatively high and increasing. Considering economic and educational resources together, this gives a particular profile of the Hungarian population, compared to Western Europe.

Life expectancy at birth is relatively stable, about 68 years for men and 77 years for women (OECD, 2006). This is above many other East European countries, but well below most of Western Europe. Cardiovascular diseases are the major cause of death (linked, among other factors, to the high consumption of fat). Obesity rates are increasing, especially among men. There are significant differences here depending on the level of education, a well-known feature of most developed countries.

24.2 WHY PRICE SENSITIVITY

Public involvement in animal welfare improvement via food purchases can only take place if there is availability and the welfare friendly alternatives are affordable. As already described, farm animal welfare issues are rarely addressed in the Hungarian public discourse. The food market has little to offer, specifically or as part of broader labels, such as organic food. Availability is therefore very limited. Food labels do exist which indicate that the product has a higher animal welfare standard than the basic standards required by legislation, but they are few and far between. Some think there is no labelling because of

little consumer interest. This is, it is said, because price dominates the consumers' thinking, as salaries are relatively low.

> 'They go to Ocean or Tesco; they try to buy the cheapest' (Advisory Board on Animal Welfare).

Despite its development, the Hungarian market is still extremely price sensitive, looming over other issues and consumer demands. This may be related to history and learning as well as, as shown in the previous section, significant groups of Hungarians struggling to meet their daily needs. The low mean income is reflected in comparatively high proportions of household expenditure spent on food. In 2005, 26% was spent on food, beverages, coffee and tea (total figures do not include expensive durables). This is notably up from 22% in 2000, but the same as in 1997 (HCSO, 2006). While the overall consumer price index increased, there seems to have been a relative reduction in prices on agricultural produce due to domestic over supply and a lack of export support (PricewaterhouseCoopers, 2005). Added to that, more efficiency due to changes in the retail sector has stimulated direct price competition. Both incomes and prices show relatively high fluctuations from one year to the next and the positive trends around 2000 seem to have shifted slightly in the most recent years.

Figure 24.1 shows the changes in consumer prices for main animal food items over the last decade. The diagram shows large variations. Some items, like the prices on various kinds of sausages have increased several hundred per cent. Even though not very visible in the diagram, the price of milk per litre has almost quadrupled over the period. The prices of beef and pork (and butter and eggs) have also increased substantially during this period of

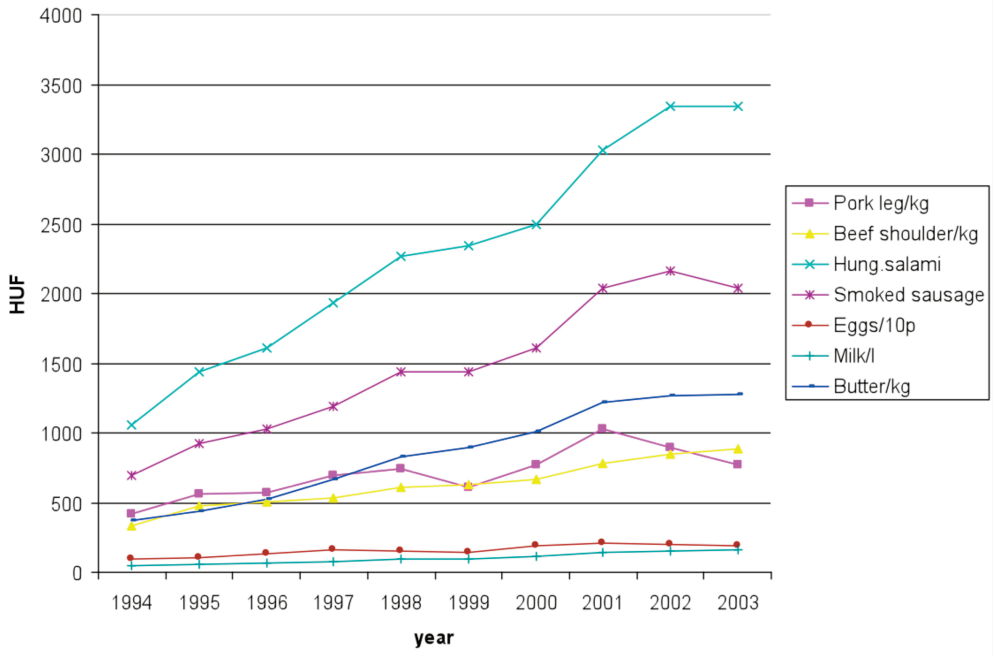

FIGURE 24.1 Consumer prices of main animal food items 1994–2003.
Source: HCSO, 2005.

time. The price of pork leg has almost doubled over the decade, but from the diagram we also see large fluctuations in the consumer price on this quite basic item in the Hungarian diet.

So the reasons for Hungarian price sensitivity is not merely historical and cultural. The price on major food items has increased, while incomes have deteriorated for significant proportions of the population. The discussion about market differentiation for animal friendliness and responses to effects on food prices must be seen within this perspective of, on the one hand, a strained economic situation for many households and fresh memories of difficult times, and, on the other hand, the varied trends in the prices of particular food items in both real and relative terms.

24.3 FOOD CONSUMPTION PATTERNS

Responses to food prices and market changes must also be considered in view of Hungarian dietary patterns. We will therefore now turn to what people eat. For ordinary people, food is, apart from an economic concern related to food provisioning, about culinary culture, the organisation of everyday live, health, politics and many other things. Through our interviews and reading of literature, we get the impression that there are strong gastronomic traditions in Hungary and that Hungarians are proud of their food. But there are unfortunately few sources describing food and eating in these terms available to someone who cannot read Hungarian.[10] We therefore know very little about what this looks like for the ordinary Hungarian today, for the urban well-educated middle class and for the less fortunate in more deprived regions. We know very little about typical meals and dishes in the contemporary Hungarian diet, how these are influenced by old traditions, by habits from the Communist era, by recent commercial and cultural influences, and by a politicised public discourse. Information about the distribution and retailing structure indicate that many buy primarily fresh, unprocessed foods, but also that these practices are rapidly changing now. There are some studies of the nutritional composition of the Hungarian diet, but these tell us little about norms and everyday practices. So we have to rely on quantifications of the food items that Hungarian households 'consume'.

Food consumption data can be presented at different levels. Gross consumption per capita is a measure of the amount of food sold in the domestic market (production plus imports minus exports). These are usually quite reliable for comparative purposes and are useful for showing long-term trends. But as they give highly aggregate figures, they can be quite different from what people actually eat. Losses on the way are for example not considered, weights of meat represent whole carcasses, and food procured outside formal channels are usually not included. Furthermore, there are no distinctions between different forms of

[10] We also asked our interviewees about experts in this area, but without being able to identify anybody.

processing and use. It is therefore important also to consider information closer to buying and eating. Food is usually bought and served within a household setting and this is therefore a common unit of analysis in studies of food consumption (corrected for the size of the household).[11]

Table 24.1 shows trends in gross consumption of various animal foods. The consumption of milk (including all dairy products) has been relatively stable in the long run, but the table also shows fluctuations from one year to the next. In particular, following years of increase, there was a significant drop in total dairy consumption after the recession of 2000. Cheese represents the most important way of using of milk in Hungary. Drinking fresh milk or the use of milk in coffee or tea is less common. The consumption of dairy products is in Hungary about a third of what it is per capita in Western Europe. The cheese is mainly sold through the big supermarkets in Hungary.

Following a decline in the early nineties, consumption of most meats has recovered. Pork and poultry are the staple meats. Beef is a luxury. Lamb is virtually non-existent. The figure shows some increase in poultry meat, reflected also in the more recent figures. Pig meat consumption has stabilised in more recent years. In the future pork and milk consumption are expected to increase but forecasts for poultry and beef suggest little change.

Finally, egg consumption has gone up recently. It is, however, difficult to interpret this tendency. The proportions of eggs procured via informal channels and own production is very significant. The trends reflected in gross domestic consumption may very well imply a shift where more eggs are distributed via formal channels, rather than changes in the consumption of eggs. This is particularly relevant because data at the household level show a recent downward trend in egg consumption (Figure 24.2).

Data at the household level[12] for the more recent years indicate, however, that the slightly upward trends around 2000 have not continued. This is most evident for eggs, but also for

TABLE 24.1 Consumption per capita in Hungary 1998–2002.

Annual consumption per capita in kg	1998	1999	2000	2001	2002
Meat, total	60.9	60.5	70.2	67.5	72.3
Pork	26.6	28.3	28.0	25.2	28.4
Beef and veal	4.3	4.1	4.3	3.9	4.3
Poultry	26.4	24.2	33.7	34.3	35.1
Fish	2.8	2.8	3.0	2.9	3.1
Milk and milk products	149.6	151.7	160.6	144.2	143.1
Eggs	14.7	15.2	15.3	15.8	16.7

Source: Landbouwraad, 2005.

[11] Food consumption will also vary between household members, and many studies therefore concentrate on the individual level, especially when the aim is to estimate nutritional intake. But food consumption practices of buying, home production, cooking and meals are social and the household is the main arena for that.
[12] Household budget survey (Hungarian Central Statistical Office, 2005).

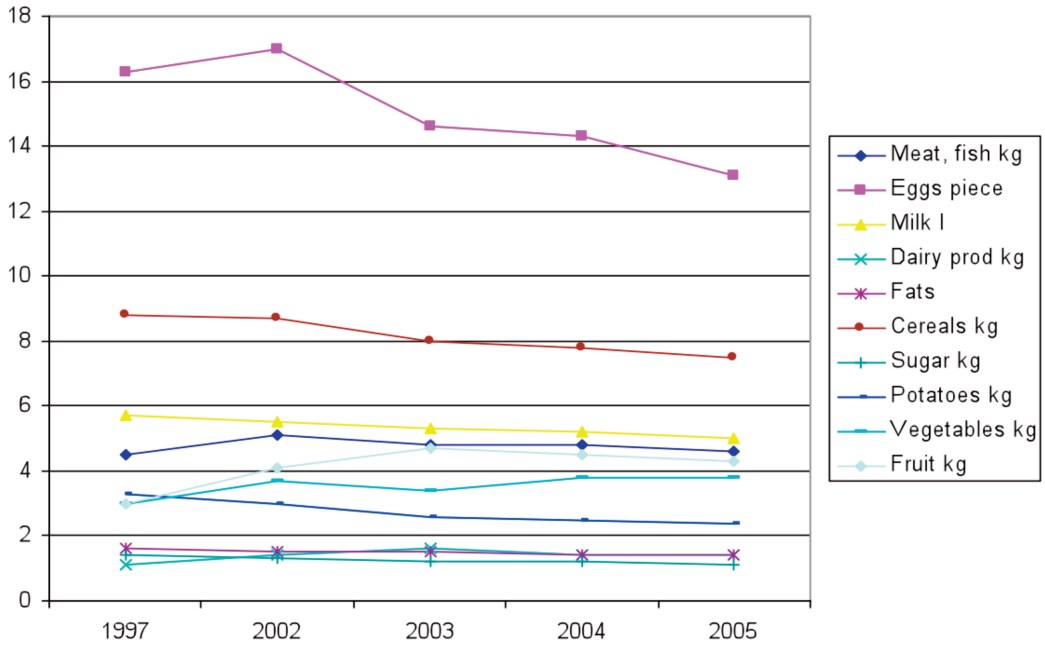

FIGURE 24.2 Per capita monthly food consumption in the households, 2002–2005.
Source: HCSO, 2006.

TABLE 24.2 Ratio of eating out of home and of own produced food from the value of total food consumption (%)

	1997	2004	2005
Eating out of home	7.7	13.1	12.8
Own produced food	20.3	9.2	7.7

Source: Hungarian Central Statistical Office, 2006.

meat, which is here collated into one category. These fluctuations, combined with what we presented regarding trends in income and household expenditure, indicate that rather than representing consumers as 'over-focussing' on price, the price sensitivity that is frequently noticed seems to reflect a harsh reality of economic uncertainty and limited buying power among considerable proportions of the population.

The household budget surveys also include very useful information on the proportions of eating out of the home and the consumption of home produced food. Home production, as well as eating out, form very different conditions for making food choices, compared to shopping for food to be prepared at home. Table 24.2 indicates that rather dramatic changes have taken place in the household provisioning of food. The proportion of home produced or informally procured food is rapidly declining and becoming less significant, where once it formed a major contribution to the diet. Eating out shows a long-term increasing trend, but the changes in recent years are less clear. Without having the data to support, it may still be assumed that these proportions vary significantly depending on

income. That means that there will be many in the lowest income groups who produce much of the food themselves, while the frequency of eating out among high-income city dwellers is high.[13]

Eating out is, however, not only a matter of lavish and conspicuous restaurant dinners among upper middle class people. In many countries, lunch in a café or canteen is part of the working day routine. Also, single people may prefer to eat out more often for social reasons or because of poor cooking facilities. We know far too little about eating patterns and the social context of eating in Hungary to say anything about such questions.

Compared to a number of European countries and the United states, household consumption of bread, bakery products and sugar is relatively high, while the levels for vegetables and fruits are low. In this comparison, based on relatively old data (1991), meat and poultry consumption in Hungary is in the middle range (Byrd-Bredbenner et al., 2000). But, as indicated above, this level seems to have dropped in recent years.

If we look at food consumption in nutritional terms, total energy intake is relatively low. Of that, the proportion from fat is high and the proportion from protein is low. In terms of regional variation, these seem, at least in part, to follow variations in socioeconomic status. The most deprived region, Northern Hungary, has lower consumption of cheese, vegetables and fruits, which are typically high status food items.

24.4 THE CONSUMPTION OF ORGANIC FOOD

The production of organic food is heavily export oriented, only about 5% being sold domestically and little is imported. Export markets can usually offer significantly higher prices for organic products, and this in turn increases domestic prices to a level that is too expensive for most Hungarian consumers. Limited purchasing power is frequently cited as a main reason for the slow development of the domestic market for organic food. We have not found very recent studies, but considering the figures presented above on household economy, it may be assumed that this is still a major issue.

The lack of attention towards organic consumption is also reflected in Hungarian consumers' expectations and demands for organic food receiving little consideration (Torjusen et al., 2004). Studies are few and often not representative for the population. To begin with, many seem uncertain about the meaning of the term 'organic' (www.organic-europe.net). Studies from the late 1990s indicate that organic food seemed at that time to

[13] We must emphasise that we are here referring to spending, which cannot be translated directly into volumes. Eating out is generally more expensive than eating in, while it is difficult to record and estimate the value of home and informal sources of food provisioning. The figures are therefore included mainly to indicate trends over time.

be associated with a very specific lifestyle and vegetarianism and where the food was bought in special 'reform' shops. One explanation that has been suggested is that there is a bigger discrepancy between what is understood as a 'healthy diet' and the traditional food culture with heavy emphasis on meat dishes. A (non-representative) study from 1996 indicates that health benefits of organic food are considered more important than pollution and environmental concerns. This may be associated with the widespread view in Hungary that agriculture is not a major polluter of the environment (Kürthy-Baricz, in Frühwald, 2000).

Most of these studies were conducted quite some time ago. Our own interviews with key institutional actors indicate that there are no basic shifts in opinions in recent years. The association between organic food and vegetarianism should be noticed. This may contribute to relatively little attention being paid to animal welfare issues within organic production and among consumers of organic food. Unlike many other European countries, organic food may not represent a way for people to protest against the welfare of animals in conventional agriculture and to promote alternative forms of animal production.

While there are some producers of organic chicken, it depends on the producers whether organic meat products appear on the retailer shelves. Although there are now some consumers in Hungary who are interested in buying higher quality products for higher prices the demand is still very weak. One of the major buyers felt most Hungarian consumers are not ready to buy such high quality products as they would be too expensive. However there are some consumers who ask for organic meat.

> 'They say to the butcher why is [organic product] not here?' (Provera/Cora).

Some organic products such as pork are difficult for consumers to buy, as shops do not stock them. The market is relatively small.

> 'In terms of Hungarian culture is there any sense of any attitudes of interest in organic philosophy?'
> 'Yes, people want to eat very nice foods, but when they go to market they want to get what is the cheapest. I think that Hungary is very open-minded to use this product. But the price is a major factor.'
> 'Could you tell me where I could go to buy organic pork?'
> 'Most of the shops do not have fridges for organic meat, so we don't know' (Trebag).

Still, the domestic market for organic food is growing. Marketing studies have estimated that the niche market of 'organic product consumers' was 1.7% in 1994. Since then demand has increased somewhat, partly due to improved distribution and labelling.

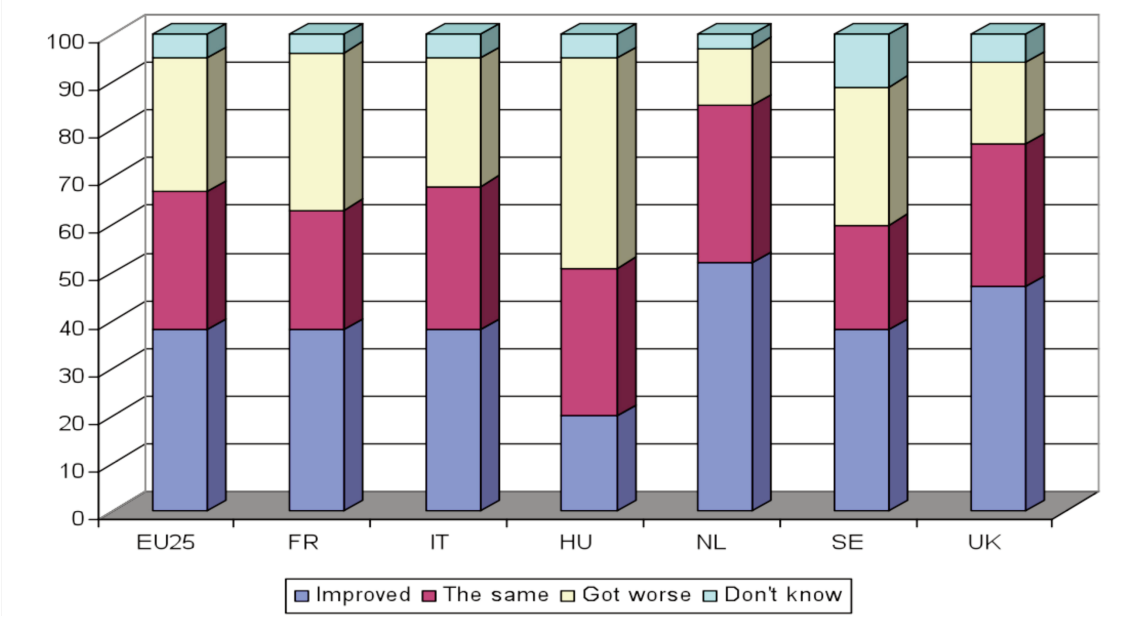

FIGURE 24.3 Compared to 10 years ago, would you say that, overall, food safety has improved, stayed about the same or has gotten worse? (%)
Source: Eurobarometer, 2005.

24.5 SAFETY AND TRUST

A Eurobarometer survey from 2005 (European Commission, 2006) addresses opinions about risk issues, with a particular emphasis on food safety. In this survey, Hungarians generally come out as somewhat more concerned about food safety and health than the average European. For example, when asked about the likelihood that the food you eat may damage your health, 42% among Europeans in 25 countries say that this is very or fairly likely, while the percentage in Hungary is 54%. This scepticism becomes even more evident when asking about recent changes. Hungarians are considerably more pessimistic about changes in food safety over the last decade (Figure 24.3). While 44% among the Hungarian respondents say that food safety has become worse, only one fifth think that conditions have improved. This is different from many other countries, where more people tend to think that conditions for food safety have improved relative to those who say they have got worse. Compared to the other countries included in the Welfare Quality study,[15] Hungarians clearly tend to be more pessimistic, while British and Dutch respondents are most optimistic in this case of food safety. Pessimism in Hungary is also stronger than in countries, which includes countries that often come out as sceptical and distrustful, such as Italy.

[15] As a non-member of the European Union, Norway was not included in the Eurobarometer survey.

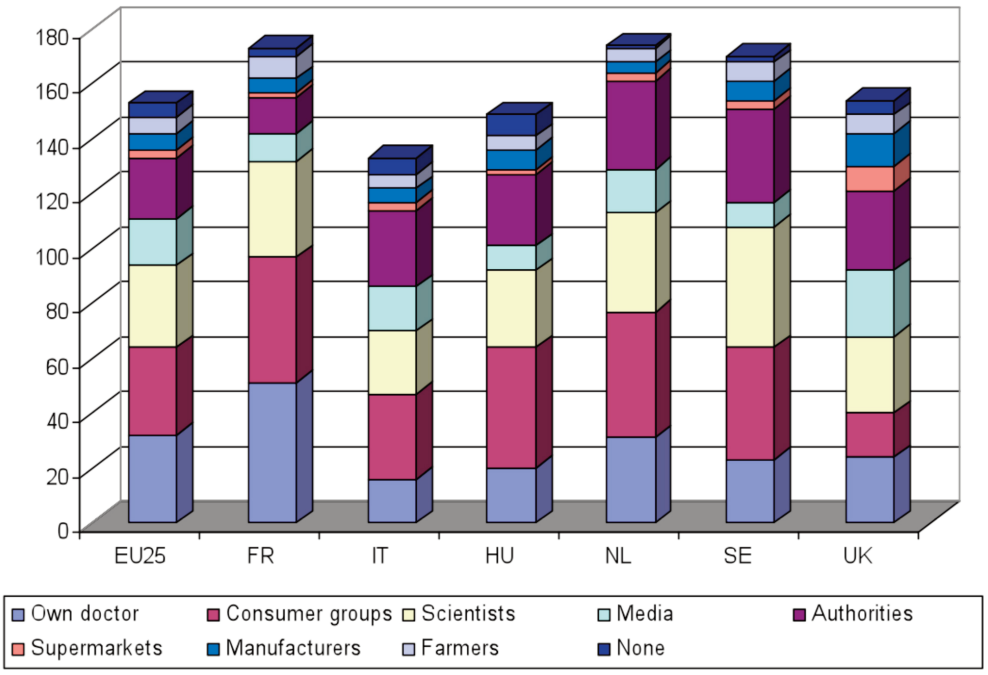

FIGURE 24.4 Suppose a serious food risk were found in fish or chicken. Who would you trust the most to inform you about the risk? (Max 2 answers).
Notes: percentages.
Source: Eurobarometer, 2005.

Concerns for food safety, and especially the degrees of optimism/pessimism, were in an earlier study shown to be associated with trust in institutional actors (Poppe and Kjaernes, 2003). The Eurobarometer study also included a question about trust in information from various actors in case of a serious food risk. Figure 24.4 shows a familiar pattern from earlier studies of trust in food, namely a clear ranking of types of institutional actors in terms of trust in their information. Civil society actors are the most trusted, authorities coming in the middle, while all market actors are hardly trusted at all in terms of truth-telling in this case of a serious food risk. Only a very small minority in all of these countries does, however, not trust any of the types of actors included. These actors play different roles and they have different powers to influence the conditions for food safety. Trust in public authorities and market actors, which are the actors having direct control of how food is handled, matte more for people's concerns for food safety than trust in civil society actors, like scientists and consumer groups (Poppe and Kjærnes, 2003).

When adding the proportions believing in the truth-telling of the various actors on top of each other, we find that the aggregate levels vary considerably, Italy presenting the lowest levels of trust in actors, the French, the Dutch and the British the highest in this case of food safety. The French here display a specific pattern, with high trust in their own physician and considerably lower trust both in the media and in public authorities, compared to the other high trust countries. The British, on the other hand, have generally somewhat less trust in scientific experts and consumer groups and comparatively more trust in market actors. Hungarians find themselves rather close to the means for the 25 European countries. Among our six countries, Hungarians follow the Italians as a low trust

country, although not very closely. Their trust rests to a large degree on consumer groups, scientists and public authorities, while trust in their own doctor, as well as the media contribute to their relatively low ranking.

We do not have systematic knowledge of the extent and severity of Hungarian scandals related to food safety, fraud and other food related issues in recent years, but such events do seem to have had an impact. One of the most recent ones was associated with chicken from Germany and a similar one in the previous year from Thailand. Some camomile teas were a big issue last year, because stones and other dirt were found in the tea. There was also a scandal with aflatoxin in paprikas from Morocco and Brazil.

> '[O]n the label it was not mentioned that it was Moroccan paprika. Also this year we have had another paprika scandal, in Hungary… there was a pesticide on the surface that we do not use in Hungary.'
> '[W]hat is more important at the moment, by joining the EU, the public fears, in the supermarket we have foreign foods. In a country where we have not had any food quality upheavals, last year we had a problem with imported paprika from Spain, where it had first been imported from Argentina, where the fungi came from. Apart from this we have not had any other major problems' (National Association for Consumer Protection).

As we can see, those events that have received most attention seem to be related to imports, especially from non-Western countries. It is difficult to identify scandals that have involved Hungarian actors, thus not raising major issues of distrust within the domestic context.[16]

24.6 MOBILISATION AND ORGANISED CONSUMERS

Hungary was one of the first countries in Central and Eastern Europe to establish a consumer association. Originally established in 1982 as the National Consumer Council, a legally oriented body, it was re-established in its present form as the National Association for Consumer Protection in Hungary (NACPH)[17] in 1991 (<http://www.ofe.hu>). It is a voluntary, non-profit organisation which acts both as a federation of local consumer groups and as a national pressure group. According to their own presentation (leaflet in English, undated, provided at interview), the main challenges have therefore been to build up professionalism and influence on consumer policy combined with mobilisation and voluntarism. In addition to local and regional consumer groups, the national organisation also has individual and corporate members. There are more than twenty local offices in

[16] After our collection of material, one such incident is the turkeys infected by bird flu that were imported from Hungary to the UK by the poultry company Bernard Matthews in 2006.
[17] Országos Fogyasztóvédelvi Egyesület (OFE).

cities, offering legal and economic advice. Work is done by hired personnel, volunteers and a large number of various kinds of experts.

After a lot of uncertainty during the period of transformation, the roles of and interrelationships between the NACPH as a civil society organisation, and public authorities and market actors now seem more clear. Since the Act of Consumer Protection was adopted in 1997, the NACPH claims that cooperation between their organisation and government bodies has become stronger and closer (presentation leaflet). In this role, the organisation also has a 'strong and pertinent relationship with both the press and the electronic media.'

There is a slowly increasing interest and a consumer magazine provides information on issues such as labelling. For those that exist there appears to be a low level of awareness. Interviewees were not aware of any consumer research. Generally they felt Hungarian food was popular, and that while there are vegetarians they are a small minority of consumers.

From our interview with the food officer of NACPH, it seems that farm animal welfare is not an issue with a prominent position in consumer policy. The interview indicates that the issue and the involvement of the organisation, is being closely linked to the re-structuration of the Hungarian food provisioning system. This is, in turn, to a large degree a matter of trust. The shift from traditional provisioning via local markets, with trust based on familiarity and personal relations, towards complex chains with pre-packaged food sold in big supermarkets is important for the framing. In this new system, trust is associated

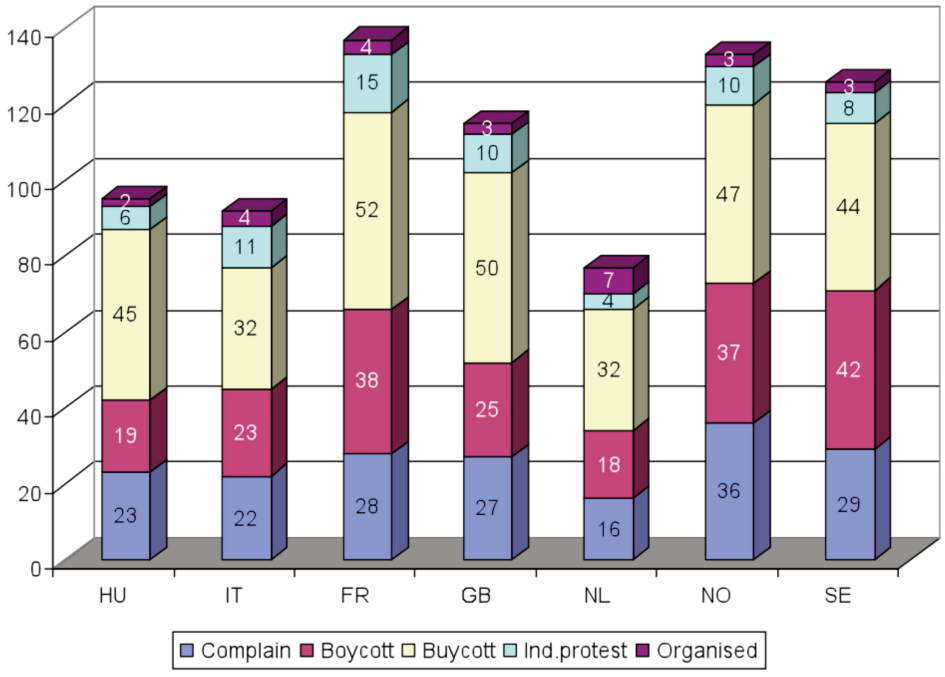

FIGURE 24.5 Consumer action related to food in the last twelve months. Percentages with positive answers on five questions, added on top of each other.
Source: Lavik, 2007.

with the monitored predictability of institutional actors and labelling. For the NACPH, therefore, the new focus on farm animal welfare as part of modernised systems appears to be a matter of whether the assurance schemes and the labels are reliable and can be trusted. This is, in turn, associated with scandals linked fraud and safety. It seems that trust – and good animal welfare – is first of all associated with provenance, with Hungarian origin. The informant said this when commenting on a label with Hungarian colours:

> 'This is Hungarian. The red and the green. The Hungarian consumers do not like foreign companies' (National Association for Consumer Protection).

Generally, Hungarians are not perceived as very active in their role as consumers.[18] The Welfare Quality population survey from September 2005 (Lavik, 2007) included a battery of questions about consumer action in relation to food issues. The answers indicate tendencies pointing in the same direction, but not to any dramatic extent (Figure 24.5). The columns in the chart represent an addition of the proportions that gave positive answers to a series of questions about various types of consumer action. Active consumers will tend to be involved in a number of different forms of action. The chart must the therefore be interpreted with caution. Rather than being mutually exclusive, we must for example assume that there is rather strong correlation between the various forms of action. Still, the chart does reveal some tendencies. The most common action across the seven countries is to buy particular foods or brands in order to encourage or support their sale ('buycott'). This is also the case in Hungary. What people have in mind here may be a specific label, like fair trade. But we cannot rule out the possibility that people may think of wider categories, such as domestic origin. Complaining to the seller and more organised boycotts of products or companies are also relatively widespread across the countries. Least common in all countries are individual protest and collective action outside the market context. It is not easy to compare such answers across countries because the meaning of the consumer role and consumer practices are so varied. The levels of Hungarian food activism are about the same as they are in Italy, and lower than in France, Britain and Scandinavia. But the results do indicate that Hungarian consciousness about the consumer role in relation to food is relatively similar to what we find in other countries, in spite of a history and experiences that are in some respects quite different.

The Welfare Quality survey also included a question about consumer influence, how much people think that their voice as a consumer matters. While the question did not refer specifically to animal welfare issues, this still formed the context in which the question was put and may have influenced the answers to some degree. Looking across the countries, on a scale from 1 to 5, only about one in five think that their voice does have influence (categories 4+5), while about half of them thinks that their voice matters little or very little. We find that Hungarian respondents are the least optimistic in this respect. Only 13 per cent among the Hungarians think that their voice matters (4+5) and 58% think instead that their voice matters little (1+2). The answers may be interpreted as scepticism or

[18] There are no historical records of consumer mobilisation. As a former East European country, non-governmental organisations as part of civil society have not had much space for action. On the other hand, protests related to availability and food prices have occurred in countries like Poland – with considerable political influence.

uncertainty associated with powerlessness that is also reflected in several of the key informant interviews. But we also see that there are widespread expectations of state regulation in relation to consumer protection and a number of other issues. The answers about consumer voice may reflect an understanding that others, like authorities, market actors and organisations, should take responsibility, not the individual consumer, which may be characterised as a kind of paternalistic attitude towards consumer protection and consumer policy. This position is not exclusive to Hungary, but is dominant in several West European countries as well (Kjærnes et al., 2007).

When raising the issue of division of responsibility for animal welfare during the interview session in the Ministry of Agriculture, this was perceived first of all as a regulatory issue involving the EU plus various national public bodies. Neither ordinary people in Hungary, as reflected in the population survey, nor the various representatives from public and market bodies seem to see consumers as having any important role to play in improving food generally or farm animal welfare in particular. As buyers of food, people are not expected, or expecting themselves, to take on responsibilities beyond satisfying their immediate needs. If the question of farm animal welfare is raised in a market context beyond the regulatory requirements, it seems more to be a matter of satisfying a small segment of very demanding consumers or similarly demanding customers in (Western) export markets, well-informed consumers with high purchasing power. In spite of the levels of consumer activity, in public discourse and among key players in Hungary, political consumerism (making use of purchases to promote an issue like animal welfare), does not seem to be commonly understood or accepted.

25

CONCLUDING REMARKS

From the brief overview of the situation in Hungary regarding the improvement of farm animal welfare and, in particular, potentials existing in the food market, a number of points can be made.

1. Farm animal welfare is not really on the agenda in Hungary. Even if consumers are interested in animal welfare there are not many shops where animal friendly products or organic products are available.
2. Farm animal welfare is mainly defined in terms of animal health. This is true for farmers and farm related organisations but also for consumers. Animal health is considered important in terms of productivity but also in terms of food safety and food quality. Animal health is guaranteed by way of veterinary care which has a high and well organised presence in Hungary. Only for the traditional breed, which are semi-wild and held extensively, is there room for 'natural behaviour', and respect for their specific needs in terms of feed, outdoor access, space and manual care is perceived as part of their welfare. In general, taking good care of animals and love for animals is widely considered as part of Hungarian farming traditions and part of Hungarian farm craftsmanship.
3. Overall the Hungarian agricultural industry is fragmented following the un-coupling of State land ownership from the State-run Product Board. As a consequence we see the State-run product boards operating to market products and ensure EU legislation is met post-farm gate and they are doing this via livestock improvement schemes. The marketing wing of the product boards are behind the 'Hungarian product labels' included in this report. These labels indicate that supply chains have received ISO status. So they guarantee something a little more than that it was produced in Hungary, and instead suggest the moves made to improve the quality controls through the supply chain (however this may mean little to consumers). It represents a significant mechanism for encouraging increasing quality improvement through the supply chain.
4. It appears that the food retail supply chain is broken up into three stages – farmers, abattoir/processor, integrated buyer and retailer. Chicken and milk chains are somewhat more integrated but further integration of all supply chains may occur in due course. The buying group Provera which we discuss in this report is integrated with a collection of retail store brands it sources from. It is unclear whether this is a typical illustration of how the supply chain works between buying groups and retailers or whether it is specific to Provera. Nor do we fully understand the relationship between particular food processors and retailers.

5. Farming is undergoing change with the state and collective farms now either being cooperatively owned or privatised. The extent to which these changes will influence food quality and issues such as animal welfare is still uncertain.
6. From production to slaughtering, EU regulations on welfare have been adopted within Hungarian legislation (this includes the EU organic standard which is all important for access to EU markets). There are also some small scale local quality schemes in place as well as the production of particular breeds of pig and cattle, which are more welfare oriented. However, a significant amount of the food produced in Hungary operates outside of 'formal' supply chain structures and implementation of legislation on the ground is patchy: EU approval is required for export plants but for the domestic market, a general inspectorate for quality testing and control operates mainly only at retail level.
7. Although cattle production is not important in Hungary, there is considerable demand for beef in Italy and many calves and beef cattle are transported live for slaughter there. Pig production on the other hand is very important. There are both large and small units. With regard to the production of special breeds there are 2 programmes of interest. One is related to a special pig in Hungary, Mangalica, which is an indigenous breed, the other is the Hungarian grey cattle. Both are perceived as more welfare friendly.
8. There appears to be over capacity in the slaughter sector, ongoing rationalisation and a trend for foreign ownership set to increase. The number of abattoirs has decreased drastically with about 80% of all the slaughter activity carried out by 9 abattoirs, of which four are for cattle. For pigs about 60% of livestock is sold to the slaughterhouse under contract. The change of ownership is concentrated in larger pig companies. In the future there will be further change, as a project that will offer a chance for farmers to become owners of slaughterhouses is under development. Hundreds of smaller abattoirs remain. The meat from many of these slaughterhouses goes to Hungarian retail markets, where the meat is very cheap and EU export approval is not required.
9. Traceability is increasing in importance All cattle are tagged and it is possible to have full traceability for carcasses through to product on supermarket shelf. Traceability is also in place for pigs, with individual ID codes.
10. While there were about 35000 general food stores there were an additional 3,000 specialist meat shops in Hungary in 2004. Concentration in retailing has increased. In 2005, the top five companies account for 67% of food sales and the Hungary retail sector was characterised as a relatively 'mature' market
11. Following a decline in the early nineties consumption of most meats has recovered. Pork and poultry are the staple meats. The data show some increase in poultry meat while pig meat consumption has tended to remain static in more recent years. Beef and lamb are rarely consumed. Milk consumption is also low. In the future, pork and milk consumption are expected to increase but forecasts for poultry and beef suggest little change.
12. There are a number of issues of more concern to Hungarian consumers than animal welfare. These include availability and price, safety/trust and origin. Generally they have less to say about welfare. There is a slowly increasing interest and a consumer magazine provides information. For the advisory body on welfare, domestic rather

than farm animal welfare is the major issue. At farm level the main issue is caged egg production. A consumer information campaigns is expected to cause a small increase in demand for free range eggs. With regard to free range pigs a consumer would have to have local knowledge to be sure they were buying such a product.

13. Price is the key factor of competition in food retailing. Price is also the primary concern for Hungarian consumers, with the exception of the affluent and highly educated.
14. Consumers are aware there have been a lot of food scandals in recent years, often associated with imports With regard to organic food it was pointed out that while people who know the official organic label trust it, these are very few such labels. In CIWF's view, consumers do not know other labels.
15. Generally, consumers have little understanding of the additional information given on product packaging in the form of labels, partly due to little experience /until recently, little pre-packaged food and few labels). Generic labels need to be accompanied by consumer education.
16. Hungarian consumers are perceived as pro Hungarian food and tend to have a very positive image of local producers. They perceive the quality of Hungarian agricultural product is superior to that of imported products and thus prefer to consume Hungarian food.
17. While there is increasing awareness of animal welfare, information campaigns from various stakeholders and CIWF are still at too early a stage to bring about any major changes in public opinion as regards consumer activism.
18. There are few food labels indicating the product has a higher animal welfare standard than the basic standards required by legislation. For those that exist there appears to be a low level of awareness. Some think there is no labelling, as there is little consumer interest. This is because price dominates consumer thinking, as salaries are relatively low. Some consumers want organic meat but price is also an issue. However, there are now some consumers in Hungary who are interested in buying higher quality products for higher prices but the demand is still very weak.
19. Mastergood poultry products illustrate the potential for animal welfare-claims to be used alongside other quality indicators, such as tradition, when marketing food products in Hungary. In countries like the UK we have seen the Food Safety legislation as a driving force behind the use of assurance schemes by retailers to ensure they have met their 'due diligence'. In other countries where the supply chain is more fragmented (a characteristic of the Hungarian market) a number of schemes can be found that are not the result of the industry working together but tend instead to be regional assurance schemes, or organic schemes or the development of retailer own-brand products ethical initiatives. If we consider the possibilities for Hungary to develop these kinds of schemes some barriers can be recognised. Firstly, it appears that there is not a strong regional governance model that could initiate a regional food economy in Hungary. Secondly, in real terms food is becoming more expensive, thus ethical initiatives by particular retailers to improve animal welfare, which consequently may push up prices further in these stores, is unlikely in the current climate. The price consciousness of Hungarians is acute. However, the organic schemes are emerging in Hungary although they currently hold a non-existent presence in Hungarian retail chain stores in the fresh meat sector. If popularity of

these products were to increase in specialist stores there may be future developments in fresh organic meat and dairy product lines. The traditional breeds are currently the main option in the market, although with limited availability.

20. Given our description, the state of the current market does not appear very stable and is still in flux following the changes in land-use ownership, recent membership of the European Community and orientation of the Hungarian consumer to a market economy and the consequences for them in terms of employment and income. We expect changes to occur relatively quickly to what we have described here. Animal welfare is likely to feature in these changes since there are already signs that the market can be differentiated through marketing quality claims, which include animal welfare implicitly. There is also a requirement for farmers to meet European animal welfare standards. The presence of products differentiated by whether they are Hungarian produce or not, may result in the future inclusion of other marketing claims along with Hungarian, especially in association with product quality (such as Mastergood). However, it is hard to envisage successful product differentiation on quality when for the majority incomes have fallen in real terms.

Part IV

Current Strategies for Animal Welfare in the Food Service Sector in Norway, UK and Italy

edited by
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Deliverable 1.15

26

FOOD SERVICE

26.1 OVERVIEW

Food Service is vast and diverse market within Europe, and the world, as such it is notoriously hard to define. The definition used with WP1.4 has been the commercial provision of prepared food and/or drink to people who are away from their homes, for consumption shortly after purchase.

The industry is often divided into two broad categories (Mintel, 1994; Warde and Martens, 2000; Keystone, 2006):

- Commercial or profit sector: restaurants, *quick service restaurants*, pubs, hotels, leisure

- Food and service management or institutional sector: *staff restaurants*, education, health care, custodial (e.g. prisons), ministry of defence, welfare (e.g. old people's homes and meals on wheels).

The size of both these markets are truly staggering, the Western European market for the commercial sector was estimated at around $400 billion in 2006 (Euromonitor International, 2008), while the food and service management sector (counting only food services) in Western Europe was estimated at around $39 billion in 2000 (Euromonitor International, 2000).

Food and service management is already a fairly consolidated industry with the three market leaders in Europe accounting for just less than 60% of market share in 2005 (Ferco 2005). The main trends in contract catering, according to Keystone (2006), are (1) smaller operators are constantly being taken over by larger players and (2) many operators are looking to mergers and acquisitions to provide both growth and economies of scale (3) a shift from public owned catering operators to privately owned.

While within the commercial sector, McDonald's alone accounted for 3.8% of the market for commercial foodservice in UK in 2006, while in France it was around 8% (Euromonitor International 2008). However, as a whole this sector is less consolidated than food and service management.

We will begin by outlining the structure of food service markets in each of the study countries. Deliverable 1.19 gave an in-depth account of these markets; the present outline will concern itself with only the most salient points for our analysis here.

26.2 STRUCTURE OF THE MARKETS

26.2.1 Norway

1. As presented throughout SP1, within Norway, industry, retailers and consumers regard welfare quality as the responsibility of the state. The Norwegian government in conjunction with the Norwegian food industry, which is dominated by producer cooperative monopolies, set what they see as rigorous standards of farm animal welfare (based on EU legislation but going further in some respects please see Deliverable 1.8). The quality assurance scheme KSL is charged with maintaining compliance at the farm and abattoir level. There is a widespread 'gentleman agreement' among actors in the supply chain to exclude animal friendliness as a competitive value, with a few exceptions (please see Deliverable 1.9 for more details). Consumers are concerned about animal welfare, but do not regard the market as an arena for exerting influence, and have high trust in the government to look after farm animal welfare. At the structural level; the strong corporatist and collectivist nature of Norwegian production combined with little external competition (within meat, dairy and egg) mean that there is active resistance to development of 'higher' welfare products from the supply side. At the demand level: consumers are not actively demanding higher welfare products. And at the marketing level; differentiating a brand or a range of products along welfare lines makes no commercial sense.
2. The government exerts a strong influence on the food service sector in two interconnected ways. Firstly, the Norwegian government in 2005 announced its goal to *increase the organic food production and organic food consumption* to 15 % by 2015. While actively promoting this policy on the supply side it also is using it as leverage for major clients, such as food and service management operators to write organic procurement into its contracts with food operators.
3. As mentioned above, due to high tariffs there is very little import of meat, eggs and dairy into Norway at present, including within the food service sector, exceptions are that certain meal types are necessarily imported at certain times of the year because of a seasonal shortfall in Norway.
4. The food and service management sector in Norway is very consolidated (see Figure 26.1).

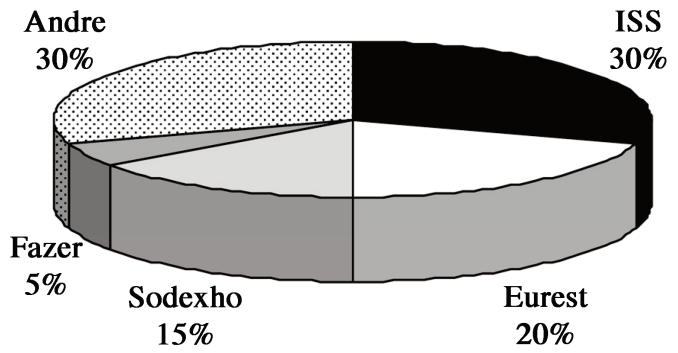

FIGURE 26.1 Estimation of the market shares in the food service sector.
Source: Knutsen et al., 2007.

26.2.2 UK

1. The UK market is a much more 'open' market. Imports from both within and without the EU are significant. While UK regulation concerning farm animal welfare is higher than those required by EU legislation, products on the market can come from a range of different production systems following different standards. The food service sector, which is traditionally a much more price-sensitive sector than food retail, uses a high proportion of these imports.
2. Quality Assurance Schemes, which can be industry-led, NGO-led or retailer-led have become a very important mechanism for the development for the market for higher welfare products in the UK. While farm animal welfare has become an important issue in terms of market segmentation and differentiation in food retail in the UK, the food service sector has very largely lagged behind these developments.
3. The UK government is also emerging as an important driver within food service using its leverage as an important client of food and service management. Although the bulk of these contracts are not centralised leading to a much more fragmented picture than Norway, we do see some developments on local, organic procurement taking place (please see D1.19 for more information).
4. Corporate Social Responsibility is becoming an increasingly important dimension to brand management, with implications to large companies within food service as well as their clients.
5. Similarly to Norway food and service management sector is fairly consolidated. Four companies – Compass Group, Sodexho, Aramark and Avenance, all of which are part of global foodservice businesses – dominate the UK market for contract catering and foodservice management; these companies have consolidated their position in the last 5 years through a combination of organic growth and acquisitions.

26.2.3 Italy

1. As in the UK, Italy operates within the EU open market for meat, egg and dairy products.
2. Within both food retail and food service, the market is segmented along 'quality' lines, with PDO and PGO products being the most visible 'value added' products on the market. Some of these carry higher specifications for farm animal welfare standards.
3. Italy is still characterised by having a highly fragmented market both within the commercial and service management sectors, with many independent small businesses flourishing. Global brand restaurants have expanded fairly rapidly but their market share is still fairly small compared to other European countries (see Table 26.1). This is the same picture within food and service management, with small firms still making up a much more significant share of the market than either the UK or Norway. However, the main trends are towards consolidation and a shift from public to privately-owned businesses is very much apparent, with the greatest movement evident in the more affluent and industrialised north.
4. As with Norway and the UK, the Italian Government, mainly at a regional level, is an important driver in developing 'higher welfare' products in the food and service management. In particular since 2000, when the passing of the Finance Law led many regions to begin to legislate on the adoption of organic products in the school canteens. For example in 2002, the Emilia-Romagna region enacted a law that provides for 'the qualification of the collective catering services' which stipulates that 70% of produce has to be from organic certified production.

26.3 BRAND MANAGEMENT AS A DRIVER FOR THE DEVELOPMENT AND PROCUREMENT OF WELFARE-FRIENDLY PRODUCTS IN FOOD SERVICES

This section presents an analysis of the dynamics by which brands become important drivers for change as the market for 'welfare-friendly' products develops within the food

Table 26.1 Typology and size of market share within the commercial sector in Italy.

	1999	2003	2005
Total restaurants	74000	74000	73900
Modern restaurants	1,200	2,000	2,200
of which: fast food	400	600	650
Self-service	800	1,400	1,550
Traditional restaurants	72800	72000	71700
of which: restaurants/eating houses	48000	48000	47300
Pizzerias	24000	24000	24000

Source: Maior Consulting, 2006.

service sector, within three markedly different national contexts. The analysis necessarily highlights the inter-dependence of market mechanisms operating within both cultural and governing structures. As outlined earlier, it is important to remember that Work Package 1.4.2 only looked at two specific sectors within food service: quick service restaurants and food and service management.

26.3.1 Quick Service Restaurants

Our main case study across the three countries was McDonald's; this global corporation is the market leader in all three countries, not just within the quick service restaurant sector but across the whole of global commercial food service. The other two case studies, Burger King in Norway and KFC in UK are likewise global brand names.

Both the size and visibility of these companies' means they have developed very different commercial practices than the rest of the industry especially in terms of procurement, with generally much more integrated and controlled supply chains. In effect, they operate to a model more akin to large European food retailers than the restaurant trade, although the volumes and the specificity of products mean they have less leverage, especially in terms of defining production and quality parameters. However, these major fast food brands have been at the forefront of the changing face of food service in bringing in more accountable and transparent procurement policies to consumers and the public domain.

McDonalds

The McDonald's Corporation is one of the most successful and well-known brands in the world with 31,000 restaurants serving an estimated 47 million customers daily (<http://www.mcdonalds.ca>). Its global operations are split into US, Europe and the Asia/Pacific, Middle East and Africa groups.

McDonald's Europe has shown strong growth in profits in 2007 and 2008, following a period of more troubled times over the turn of the century. Much of this turn around in fortune, particularly in countries in which few new restaurants were being opened (UK, France and Germany in particular), can be attributed to a number of new initiatives developed by the company, including:

- redesign of the restaurants into more consumer friendly spaces, comfortable coffeehouse-style décor, music and WIFI;
- expanded menu featuring salads, fruit, sandwiches, 'gourmet' burgers, which has given consumers greater choice and help to shake off some of the negative associations with 'junk food';
- a low key re-branding of McDonalds as an 'ethical' company.

The structure of McDonald's Europe is as follows: each country has an operating company, which is registered with the US, registered McDonald's Corporation. Every country is run on the same franchise model that McDonalds operates around the world. Above these national companies sits McDonald's Europe, which oversees commercial operations, mainly with regard to procuring pan-European products such as beef, chicken, buns, and identifying strategic directions. However, national companies are still given the responsibility, with a fair degree of freedom, for implementing directions and the sales of products on the ground.

McDonalds Europe identify four 'critical paths' that are integral to their brand, and the trust placed in it by their customers:

- social responsibility: in supply chain, workforce and restaurants;
- health: nutrition and development of menu choice;
- environment: sustainable and ethical in production as well as wider business practices;
- kids: McDonalds' brand themselves as a family restaurant.

Their three key strategies for implementing them are transparency, assuring food quality and safety, and ethical and sustainable business/production practices.

We will briefly review three factors that have been key in implementing this strategic vision, using the case study countries of UK, Norway and Italy:

1. the development of McDonald's Agricultural Assurance Programme (MAAP);
2. strategic supplier partnerships;
3. brand management.

Central to McDonalds' implementation of its strategic vision in its diverse supply network has been the development of MAAP. These are codes of agricultural practice that define expectations with regards to food safety, food quality, traceability and ethical/sustainable production including acceptable standards of farm animal welfare.

It was first developed as a European initiative in 2001 and was a natural extension of the audits and requirements that direct suppliers (i.e. processors) underwent; these audits were concerned primarily with food safety, quality and consistency. There was a certain amount of auditing further up the supply chain towards the farm level but at that stage it did not cover all key agricultural products that McDonalds source.

MAAP was developed by a European McDonald's steering group, which included representatives from major suppliers as well agricultural consultants, notably the Food Animal Initiative based in Oxford, UK. It is reviewed every year. It forms the benchmark used to assess the agricultural practices of all core raw materials supplied into McDonald's restaurants in Europe. Every year McDonald's undertakes a gap analysis of farm assurance schemes used by suppliers against MAAP. This along with details of the proportion of

supply coming from each farm assurance scheme is used to calculate product and supplier scores by country, and as a European average. Targets are then set for the next year.

MAAP includes both currently expected and aspirational standards; no farm is directly audited to MAAP standards. Very little agricultural production is directly contracted by McDonalds (especially in beef where, with the exception of the UK, most supply comes from the dairy herd), so they have to rely on generic QA schemes and actively lobby the certifying bodies to bring their standards in line with MAAP.

In addition to this, they have also stipulated higher production standards for certain items such as shell-eggs which can only come from non-cage systems within Europe, and Rainforest Alliance accredited coffee. McDonald's UK now sell only organic certified milk.

Long-term relationships with their suppliers are integral to the McDonald's business model. For example, their main beef supplier in Europe (with operations in United Kingdom, Germany, Hungary, Poland, Spain, Ukraine, Austria, Sweden and Serbia) is ESCA (part of the OSI Group who were McDonald's original beef supplier in 1950s in the US). Although McDonald's do not have all integrated supply chains (their Italian beef supplier INALCA being an exception), these close relationships with their (direct) suppliers, including open book costing, have made the implementation of their MAAP standards easier to manage; suppliers see McDonald's as a long term customer and thus embrace and share strategic goals with them, which now includes higher standards of farm animal welfare.

The development of MAAP and the ongoing implementation of these in partnership with their suppliers can be seen as the 'back-story' of the McDonald's brand. In many ways it has happened out of the limelight. From the 1970s onwards, McDonald's have been under scrutiny by NGOs and the media, who routinely 'exposed' failings in terms of their record on environmental issues, working conditions, animal welfare, nutrition and so on. McDonald's Europe have been leading the way in developing business practices which promote the values it sees as integral to its brand. However, McDonald's Europe has been wary of directly marketing these developments. This is partly due to the fact that the MAAP standards are aspirational, not all countries perform equally well, nor is all produce 100% MAAP compliant within any country. It is very hard to market the fact that you are 80% compliant to a standard.

Equally, welfare doesn't necessarily sell, at least through direct marketing. In Norway, for example, where there exists a strong collectivist approach to the challenge of farm animal welfare, with the government and industry setting standards that are applicable across all production, farm animal welfare is conceived as a strategy for differentiating Norwegian production as a whole from foreign imports (see D1.9, D1.20 for more information). The inverse of this is that there is no driver to segment the market along animal welfare lines within Norway, either within food service or food retail. Therefore it comes as no surprise McDonald's Norway make no mention of MAAP, only that they use KSL assured Norwegian produce, and this is only communicated on their website.

The UK, on the other hand, has a market in which animal welfare, along with other 'quality' criteria, is used to differentiate products and ranges. McDonald's do market their welfare credentials; the use of free range eggs, fair trade coffee and organic milk is marketed through information leaflets, food tray-liners, lorry advertisements and so on although it does not form part of its main advertising campaigns, for example it is not part of TV or Billboard advertising. There is little communication of the more complex issue of their MAAP standards, however, it does make an appearance on their affiliated website <http://www.makeupyourownmind.co.uk>.

McDonald's believe third party endorsements, such as from animal welfare non-governmental organisations, to be a vital part of their marketing strategy, especially in countries such as the UK where farm animal welfare is a live issue in the public consciousness. They have received awards from Compassion in World Farming and the RSPCA for their animal welfare initiatives in the UK.

Burger King Norway

Burger King is a lot more representative of the general role food service actor have played in Norway, since they have taken what can be regarded as a more passive stance to welfare issues. They keep an eye on what goes on in the Norwegian media but in general they trust their suppliers (and do not demand additional certification) and more importantly they see that Norwegian law as *good enough*. In the case of Burger King, the Communication Manager regards animal welfare as an extra cost, as he says:

> 'Norway is not in the European Union. It sources from Norwegian suppliers and as long as a demand for free-range chicken has not emerged, we will not take the cost. Animal Welfare is not a case in the media. We have no overall strategy on animal welfare other than pursuing Norwegian law.'

Umoe AS, a leading Norwegian company for food services, runs Burger King Norge. Burger King requires quality production standards and is exposed to audits from their regional head office in London, although none of these include animal welfare. In comparison, Burger King Norge is not particularly concerned about ethical issues and therefore comparable to the major retail chains (in Norway).

KFC UK

As an important global brand, KFC is undeniably in the public eye, with its commercial practices being scrutinised ever more closely. KFC have been the target of a sustained campaign by PETA in the US for what is seen is as their poor record on farm animal welfare (see <http://www.kentuckyfriedcruelty.com>) with high profile celebrities encouraging boycotts of their products. The footage of animal cruelty at one of their major US suppliers was widely publicised by PETA in 2004.

As part of a wider effort to manage and protect the currency of its brand, KFC UK have been developing their own codes of practice, which include animal welfare. They began by asking for Assured Food Standards certification from their suppliers. For a number of reasons they were dissatisfied with this arrangement:

- the standard was little understood or recognised by consumers;
- the standard had been devalued by a series of negative exposes;
- it was generic for the UK but had to work internationally;
- provides little other 'quality' information.

With RL Consultancy (which is the consultancy arm of Food Animal Initiative), they developed their own codes of practice, based partly on AFS and Freedom Food standards. The code is reviewed every 15 months, a process in which all suppliers are invited to participate. Suppliers, both direct and indirect, are audited on a 15 month cycle.

In line with McDonald's approach, they do not market farm animal welfare directly to consumer at restaurants except with phrases such as 'good life' that conveys their focus on 'real food'. However, they do communicate on websites, for example, the US website (<http://www.kfc.com>) has a section devoted to the subject, while the UK website (<http://www.kfc.co.uk>) is being updated to include information on how KFC chicken is produced and cooked. It is also written into their Corporate Social Responsibility reports.

Third party endorsement with respected Non-Governmental Organisations are also important to their marketing strategy, like for example building positive links with Compassion in World Farming, who have acknowledged the work they are doing in the UK and USA in improving standards.

In terms of consumer's interest, they receive very few calls asking about welfare standards or related issues. They see their consumer as wanting to know 'it is taken care of', that they can trust KFC to have acceptable standards of farm animal welfare.

26.4 FOOD AND SERVICE MANAGEMENT SECTOR

As outlined earlier the food and service management sector is already a fairly consolidated industry with the three market leaders in Europe accounting for just under 60% of market share in 2005 (Ferco 2005). The main trends in contract catering, according to Keystone (2006), are (1) smaller operators are constantly being taken over by larger players and (2) many operators are looking to mergers and acquisitions to provide both growth and economies of scale (3) a shift from public owned catering operators to privately owned.

This sector is generally split into a number of key markets:

- business and industry;
- education;
- healthcare and nursing homes;
- defence, offshore and remote sites;
- facilities management;
- retail and travel;
- sports and leisure;
- vending.

The sector is diverse in terms of the nature and variety of institutions, spanning both public and private clients. Each sub-sector has its own unique issues as well as shared concerns for the whole industry. The major food and service management companies which feature in 1.4.2, which include Sodexho, Marr, Compass Group and Aramark Ltd, operate in most, if not all, of these markets.

Our research focused on what is mainly characterised as *contract catering*; defined as supplying meals to third party organisations. These third party organisations encompass a wide variety of businesses and institutions. In business and industry, contract caterers are the prime source of on-site catering for multi-employee workforces. Contract caterers provide the skills, equipment and personnel and often investment inside premises to operate the catering function, allowing the company or organisation to concentrate on its core activities.

While in other sub-sectors, for example, education, healthcare, prisons, the food service operators work within a market context with limited or no outside competition, within the Business and Industry subsector, company restaurants may often operate in direct competition with other food outlets (including both the commercial sector and food retail) because of office locations in towns or cities. Another important distinction of the Business and Industry sub-sector is that it is characterised by a trend towards limited or nil-subsidy, in particular in the UK although this trend is becoming increasingly apparent in Italy and Norway as well. Client companies do not subsidise the food served in staff restaurants, bringing it much closer to the commercial sector, where profits are calculated in till receipts.

The food service industry has traditionally been characterised by focus on cost and consistency (i.e. bulk commodity products), though this is starting to change in some areas. The nature of the food service provision is defined in the contract between client company and food service operator. We can identify three important drivers to the introduction of higher standards of farm animal welfare within this sector's supply chains:

1. Client companies possess more or less visible brands,[1] and with the rise of Corporate Social Responsibility (CSR), these brands and the values are seen to extend beyond

[1] 'Brand' is not the most apt term to describe public/institutional clients. They do, however, have analogous values and policies which in effect function comparably brands.

the quality and integrity of the products they sell, encompassing, to varying degrees, the provision of food service for employees.

2. Food and service management companies are beginning to integrate their commercial practices and the services they offer with CSR and brand values in order to be more competitive in a marketplace that is placing an increasing value on 'ethical' issues.
3. Staff restaurants have increasingly had to compete directly with the commercial food service sector i.e. the 'High Street', mainly due to the trend towards limited and zero subsidy by client companies (i.e. employees have to pay for the full cost of their meal). This has led to the development of more retail-orientated business models, with a greater emphasis on choice, quality and so on.

26.4.1 Case Study: Compass Group and Google, UK

Compass Group is the world's leading foodservice company. With 400,000 employees, it specialises in providing food, vending and related services on the clients' premises in over 90 countries, generating annual revenues of around £11 billion (Compass Group website 2008). It has operations within each of the major markets outlined above (see D1.19 for more details).

Compass group operate both a European buying desk, which negotiates procurement of mainly 'commodity' staples across national markets (this does not at present include meat products) and national buying desks which concentrate on nationally and locally relevant products as well as client specific products as we shall see in the case of Google.

In terms of meat procurement, while food safety accreditation is a must, quality assurance down to farm level is not an absolute necessity. However, additional requirements may be requested from suppliers to meet the specific demands of clients.

Compass Group have been providing in-house food service for Google since the 1990s, beginning in the US, and moving with them to Europe as Google has expanded to be the global business it is today. The partnership is based on the Compass Group understanding and delivering to Google expectations of food quality; in terms of both quality of the food on the plate and the quality of the supply chains behind the food.

Google's attitude to the quality of their staff restaurants is illustrative of their ethos and business culture. The core values of Google's food service are:

- sustainability and (low) global footprint: by 2008, Google plan to be carbon neutral;
- local seasonal food: where possible, local suppliers delivering fresh, seasonal food are used.
- good animal welfare: suppliers have to demonstrate high standards of farm animal welfare.

Google's staff restaurants are free to its employees, and their guests. This is in many ways against the general trend of food service in 'business and industry' sector, where the majority of contracts have moved towards limited or nil subsidies.

Google's London office opened its restaurant in February 2007 in partnership with Eurest/Compass Group. In terms of meat products, Compass Group source for the Google restaurant from one high-end catering butcher in London – Fredericks. As supplier into Compass Group, the catering butcher conforms to the food safety and traceability standards required by the purchasing team. On top of this, both the Compass purchasing team and the supplier knows the requirement brief for Google:

> 'I know we do [use QAS] for the actual suppliers, so our meat supplier has accreditations… but its really been done more on giving a brief to our suppliers, ensuring those suppliers follow that through – a lot of that is carried out by purchasing department' (Development Chef for Food Service Company).

Although there does not seem to be any specific on-farm QAS that are required, free range and organic are used wherever possible, and the operations of suppliers are scrutinised. For example, there was a question mark over a previous supplier, in particular with regard to the distances livestock were travelling between farm and abattoir, and abattoir to market, and so they were dropped from the supplier list.

Both Google and Compass are keen to arrive at the point where they know where each patch of meat is from, down to the farm. They are keen to source from and develop a relationship with farms that are both local and use natural, extensive systems (free range and/or organic) for raising their livestock. This is not an easy exercise given the small volumes actually going into Google food service in the UK at present. It is a question of building a market in food service for these high quality, ethical products, which Compass Group see as an important developing market.

We understand this to be part of an emerging picture where client companies are actively writing in ethical specifications into procurement contracts with food and service management operators. In each country we have identified examples of this trend; the activities of Aramark Plc and PriceWaterhouseCoopers case study in the UK; the activities of MARR (Cremonini Group) and IKEA in Italy; the activities ISS in Norway.[2] However, it is only in the cases of MARR/IKEA and Compass/Google that specific farm animal welfare standards are actually being specified.

These developments are even clearer in the public sector markets, in particular the school canteen sub-sector. Here, various national and regional governments have begun to take up the quality of the food in food service provision as integral to their policy goals. This development has already been outlined within the Italian and Norwegian contexts, but the role of public procurement is equally visible in the UK. School meals have become an

[2] For example, the Norwegian Labour and Welfare Organisation NAV demanded that all available products should carry the Swan-label (the Nordic environmental label), while Statkraft – an energy company – requires that at least 20 percent of their supply should be sourced within a radius of maximum 50 km.

important site for political action between local government, NGOs, academics, media, and celebrity chefs, which is leading to significant re-negotiation of contracts with food service operators.

On the one hand, we have seen client organisations increasingly beginning to see food service as part of their wider (Corporate) Social Responsibility, indeed as part of their brand management (although important, we will not explore the differences in how 'social responsibility' is played out in the private and public sector).

On the other hand, we have seen food and service management companies actively compete to meet these demands. Indeed all the companies we spoke to during the research expressed the view that this 'added value' market was set to grow and moreover some companies wanted to move strategically from simply meeting client demand, to proactively promoting and marketing their quality/ethical portfolio. At the moment the cost of ethical/quality products is currently high; this is mainly due to the low volumes involved. These costs should come down as volumes increase and competition for clients become fiercer. However, it should be stressed that this market is still very small. The vast majority of contract catering is extremely price sensitive, being concerned primarily with food safety and product consistency and convenience.

26.4.2 Analysis: Brands

For the purposes of this report we shall concentrate on three inter-related aspects of 'brand' with the food service sector.

- the food /drink on the menu (front stage);
- the supply chain/commercial practices that form the 'back story' of these products;
- how both products and their 'back stories' are marketed to customers (both consumers and clients).

The food and drink served at the restaurant counter; its taste, smell, presentation, its *explicit* characteristics, are central to the consumers experience and enjoyment of eating at a particular restaurant. There are many other influencing factors; such as setting, price and so on, but we shall leave this aside, for the moment. A restaurant by definition serves food, and it is according to the quality and value of its menu that it is primarily judged. However, there are many important characteristics of food that cannot be read *explicitly* by consumers; nutritional quality, quality of supply chain (sustainability of production and distribution practices, standards of farm animal welfare. The supply chain or network behind the food on the consumers' plate forms its hidden or *implicit* characteristics.

It could be argued that the importance of the back story, the quality and integrity of the supply chain behind the food, only became a real concern for the food industry and the food service sector in Europe with the farming and health crises of the last 20 years –

BSE, Foot and Mouth, health, nutrition and obesity. Consumers were increasingly seen to be demanding to know how the food they were eating was made and where it came from.

The response to this, as we saw earlier, has varied between Norway, UK and Italy depending on particular markets and their governance. The UK and Italian response can be generalised, at least in structure if not extent, to represent the picture in the majority of EU countries (in particular the 'old' EU states). On the one hand we have seen increasing legislation of farm animal welfare, especially at the EU level. On the other, the food industry has increasingly taken on the responsibility for food safety and quality. One of the most important mechanisms has been through the adoption of Quality Assurance Schemes that define acceptable standards of production and processing that are assessed and awarded through regular auditing procedures (please see 1.9 Deliverable for more information).

While the Norwegian model is similar, the strong collectivist approach has meant there has been little differentiation of QA schemes within the market, with the exception of organic, which in many ways is being driven by the Norwegian government.

The Marketing of Farm Animal Welfare through Public Scrutiny and Creating High-quality Staff Restaurants

How is the 'back story', and its importance to the final product, becoming visible to consumers? We will focus on three emerging dynamics in making farm animal welfare visible in the food service sector.

They are:

- public scrutiny by 'stakeholders', e.g. NGOs, government, media;
- major brands subtle marketing of their corporate social responsibility commitments;
- generic 'ethical' range within staff restaurant meal options.

In contrast to food retail sector, throughout our research we have found that welfare is rarely directly marketed to food service consumers, the only example being McDonald's UK and their labelling of free-range eggs and organic milk.

Public scrutiny by 'stakeholders', e.g. NGOs, government, media

The space in which brands are marketed to consumers/customers has undergone a transformation. Friedberg (2004) illustrates this clearly in what she calls the 'ethical complex' of businesses; she describes how non-governmental organisations with specific interests, sustainability or animal welfare, have been increasingly proficient at exposing companies' commercial practices (i.e. the back story to their products), using the media to get this information to the general public/consumers. As outlined in 1.4.1 report,

McDonalds and KFC, as leading brands in the quick service restaurant sector, have been especially targeted by NGOs on issues from farm animal welfare standards to nutrition and 'junk food'. The food and service management sector, whose brands do not compete (openly) on the High Street and are not marketed directly to consumers and public at large, has not been the focus of any comparable scrutiny as yet. This 'ethical complex' whilst certainly challenging has developed into an opportunity: whilst punishing what they see as bad practice with bad publicity, NGO's have also rewarded good practice with good publicity. Many of these NGOs are seen by the public as trusted arbitrators or regulators and hence by companies as useful organisations to collaborate with. In many ways the whole rise of Corporate Social Responsibility should be seen within this context, a healthy relationship of criticism and praise between third party non-governmental organisations and/or lobby-groups.

Major brands subtle marketing of their corporate social responsibility commitments

In line with food retailers in the UK, both McDonalds and KFC have managed their supply chains to ensure acceptable standards of welfare are met, through the use of generic and bespoke QA schemes. These developments have been welcomed by NGOs such as the RSPCA and CIWF in the UK. As befitting global brands, these developments in supply chain practices have been international in scope, with all the complexities in translating these into national contexts, in effect partially independent of national cultures and consumer demand.

This dynamic is less clear in the food and service management sector. As described in the preceding section, sustainability and ethical issues, including farm animal welfare standards have become increasingly important criteria in gaining and retaining clients as well as retaining customers at the food service outlets (staff restaurants and cafes).

Generic 'ethical' range within staff restaurant meal options

Within the private (business and industry) sector, the rise of Corporate Social Responsibility have made businesses, especially high profile companies such as PWC and Google, far more conscious of wider ethical issues and the possibility of both good and bad publicity. Staff restaurants stand in an interesting relation to these client companies: they are not directly part of Price Waterhouse Cooper's or Google's commercial practices but are associated with their brand – CSR audits and public scrutiny might well inquire into their food service contract and their operators practices.

Staff restaurants are also important as part of these firms' staff and business culture, as exemplified at Google. These processes are important in the relation between food and service Management Company and client. But sustainability and ethical issues, including farm animal welfare standards, are also becoming increasingly important issues in keeping staff restaurants profitable for food service operators i.e. attracting and retaining customers within the fiercely competitive High Street.

Supply Chain Management

The food and service management sector is not characterised by the integrated supply chains seen in the Quick Service Retail (QSR) sector. We have seen a trend towards more consolidated buying desks, buying greater volumes at the international scale with a resulting greater leverage on quality as well as price. There has been a move towards greater control in the supply chain, from buying primal cuts directly, to the increased use of Quality Assurance Schemes (QAS), to sourcing a wider variety of niche products. Our case studies describe a strategic move towards a more proactive approach to wider ethical issues, including farm animal welfare in the future – providing QAS products as standard for example. However, within a sector, which is extremely price conscious, in which the threat of bad publicity is minimal (relative to our QSR case studies), progress is measured.

27

PRODUCT AND EXPERIMENT

27.1 THE PRODUCT

A schnitzel-type product was developed that contained 25% welfare-friendly chicken meat, 60% mushrooms, soy protein, sunflower oil, welfare-friendly chicken protein, potato starch, spices, herbs, salt and aromas. Each schnitzel weighted 80 grams and contained leg-meat. The welfare-friendly products contained less cholesterol (8.4 vs. 33.4 for the regular product), less fat (8.5 vs. 23.5 grams) and less calories (774 vs. 1275 kJoules) than the regular product. In addition, the welfare-friendly product contained considerably more dietary fibre than the regular product. The product is shown in Figure 27.1. The cost price of the welfare-friendly schnitzel is approximately 5.50 Euro/Kg, whereas that of the regular product is a little less expensive: 4.50 Euro/kg.

FIGURE 27.1 Welfare-friendly schnitzel developed for the studies.

27.2 THE EXPERIMENT

Two new strategies were tested to increase sales of the welfare friendly products in catering restaurants; these were price reduction and providing information. Sales in company restaurants in The Hague indicated that the product presented as 'new' was sold most, followed by the same product presented as 'welfare friendly' and 'healthy'.

A subsequent study in the 'Restaurant of the Future' in Wageningen, the Netherlands, where consumer behaviour can be observed with video cameras, indicated somewhat different patterns. Most of the consumers selected the product presented as welfare-friendly, followed by the new and healthy products. The different patterns may be explained by the fact that the product in The Hague was first introduced in the restaurants in the 'new' condition and subsequently re-introduced in one of the other conditions, i.e. the product may already have been familiar to the customers during the re-introduction even though the product was then presented with different information. In contrast, in the Wageningen study consumers were presented with the same product and three different types of information. The results further demonstrated that female consumers had most interest in the welfare friendly product. Not only did they select the welfare friendly product more frequently than did male consumers, they also expected the product to have superior taste and texture compared to a regular product. In contrast, male consumers were more interested than female consumers in the same product offered as 'new'. The preference of especially female consumers for welfare friendly products is in line with earlier results of Vanhonacker et al. (2006) who concluded that current and future consumers of animal friendly foods are most likely to be found among the 'young, well educated, urban, female population'. The results suggest that consumers, especially females, are sincerely interested in animal welfare, but are looking for an additional reason for buying welfare friendly foods, namely different, and presumably better sensory properties.

Previous findings indicated that consumers are interested in animal welfare, but are unwilling to pay more for welfare friendly meat. Presumably, animal welfare is too abstract, and not seen as the problem of the consumer him/herself but of some other party, such as the government (see also Evans and Miele, 2007). Instead, consumers may be looking for other reasons to justify their choice of welfare friendly meat, such as improved sensory properties, suggesting that welfare friendly meat should not only be good for the animal but should also be more enjoyable to the consumer. The consumers in the Restaurant of the Future may belong to a larger market segment (36%) for whom animal welfare is important but not a top-priority, who want to be informed and who are willing to pay for welfare products (Vanhonecker et al., 2007). Vanhonecker et al. (ibid) suggests that this market segment can be reached when welfare products are associated with for instance better taste.

Interestingly, our results indicated that sensory properties were hardly mentioned in relation to welfare friendly products when consumer attitudes were assessed using a questionnaire. It was only when consumer expectations with regard to sensory properties of welfare friendly meat were specifically addressed, in a restaurant meal that included welfare friendly products in the offering that sensory properties emerged as an important factor. These sensory expectations were apparently powerful enough to affect perceived sensory properties when the meat was actually consumed, i.e. consumers rated the taste of the product as more 'savoury' when it was presented as 'animal friendly', compared to the same product presented as 'new' or 'healthy'. These results illustrate the limited value of questionnaires for monitoring consumer attitudes. Similarly, our results demonstrated a relatively large discrepancy between self-reported menu selections using questionnaires and actual menu selections.

28

SYNTHESIS OF RESEARCH FINDINGS INCLUDING CONCLUDING POINTS

The challenge here is to bring together two quite different studies, both looking at the food service industry and the development of welfare friendly products, but at two quite different scales.

The food service industry differs from food retail in a number of ways.

- Most importantly in its fragmentation and diversity, which this work package has only touched upon. Statisticians struggle to build up a comprehensive picture of the food service sector. Any drive to instigate the uptake of welfare-friendly or farm-assured food product is should include a major strand that encourages consumers to actively seek it out, since major branded supply chains only make up a comparatively small part of all food eaten outside of the home.
- In the level of choice within the space(s) of consumption in food service outlets. In comparison to a supermarket, consumers entering a restaurant or canteen have a) much less choice (if any) and b) are presented with much less information. A typical menu will generally only present the names of food dishes and prices. Any extra information is generally restricted to allergies or ingredients. Communication of the 'back-story' behind meals and/or their ingredients, making clear its 'implicit' qualities, is very limited. In a sense, the level of information presented to consumers at the Restaurant of the Future in the Netherlands is not representative of current activities in restaurants or canteens but does indicate the scope for introducing information about a products welfare-friendliness as it supports a more positive eating experience.
- The usual model of the development of ethical markets through the device of labels and consumer choice is not necessarily applicable here for two reasons.
    1. As outlined in the point above, there is limited opportunity to market/communicate diverse *implicit* quality characteristics of products ie the 'backstory'.
    2. There exists little consumer demand or commercial imperative for developing this area of marketing/communicating. Research indicates that 'active ethical consumerism' is much less obvious in the behaviour of consumers when they eat outside of the home. The catering industry argue that the majority of consumers are primarily driven by taste of the food, convenience and the service they receive when eating out; Mintel (2007) report that just 2% of

respondents say they think through ethical considerations when deciding where to eat out. Yet providing information about a product can encourage different purchasing decisions, although 'welfare-friendly' may not be as attractive as 'new', for example.

However, food retail and foodservice markets do converge in one important way.

- The increasing importance of transparency in supply networks. WP1.2 and WP1.4.2 have shown how behind-the-scene supply chain practices are becoming increasingly visible, an emerging arena in which food chain actors actively seek to manage their 'brands', historically in opposition but increasingly in conjunction with NGOs and media. Brands operate within a fiercely contested, shifting arena; they have a huge impact on consumer behaviour, sales and finally profits. While a consumer entering McDonald's would not find nor may want to find information on the welfare standards of the cattle which make up the burger she is eating, the indirect communication/marketing of McDonald's MAAP standards, its direct marketing of its use of free range eggs, may well have had a big impact of this consumer's decision to try her first Big Mac in 15 years.
- Farm animal welfare standards, then, become part of whole bundle of other criteria by which a company is judged. To reiterate: this does not require direct communication to the end consumer; much of the work is done by NGO, interest groups and the media that directly scrutinise company practices and pass their judgements onto to the public, which then becomes part of a whole barrage of other information, attitudes, prejudices that inform consumer choice as to whether to visit this restaurant or another. As noted in Chapter 27, this relationship is a little less clear within the food and service management sector. However, Corporate Social Responsibility, which is fundamentally a response to this new 'battleground' of the brand, is becoming an increasingly important to 'client' companies, which in turn is having consequences in the demands it lays down for food service. Food service operators are meeting this demand. Ethical and quality procurement is beginning to form part of the competitive landscape and taking a proactive stance to become part of the strategic vision of food and service management companies.

It should be made clear that research within 1.4 focused on the leading developments in the food service sector. In general, the sector is characterised by bulk, commodity buying of animal products produced both within and without the EU, with little traceability or transparency of production standards (including farm animal welfare). In this terrain where brands matter far little, customers whether individual consumers or corporate business or public procurement can have considerable influence in changing and improving the quality of foodstuffs served on their premises. This activity is undoubtedly the most significant driver of improvements in food quality across the sector.

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APPENDIX 1

STRATEGIES FOR THE IMPLEMENTATION OF THE WELFARE QUALITY PROJECT OUTPUT*

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The research undertaken in SP1, and in particular the retailer and consumer research under SP1.1 and SP1.2, has considered retailer (and other post-farm food chain actors) and consumer roles in the promotion and acquisition of animal-based products coming from farming systems and practices displaying higher levels farm animal welfare. The conclusions from these component sub-projects have been presented in independent reports and in earlier sections of the current Strategies Report of SP1.

The objective of this short sub-report is to think strategically about the research findings from the ensemble of SP1 work and consider how those findings might take forward, and be usefully employed in, any eventual implementation of the principal Welfare Quality project results.

A1.1 MODES OF REGULATION

It has become commonplace in the analysis of different modes of public good governance to oppose, or at least consider as binaries, State (or super-state or sub-state) regulatory mechanisms on the one hand, and market mechanisms on the other. This is a reductionist and overly simplistic dualism. State regulatory mechanisms operate in a market context and are generally set with their potential impacts on market forces carefully considered. Similarly, market mechanisms are rarely, if at all, free from regulatory (whether 'hard', in the sense of legislative, or 'soft' in the sense of acceptable social and moral behaviour) constraints. Markets do not act independently of regulatory control in the same manner that regulatory mechanisms rarely act entirely independently from market contexts. The future

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development of animal products from higher welfare systems will not be dependent either upon solely market forces or upon solely state regulation. It will be dependent upon both. Future strategies thereby need to consider the critical juxtaposition, interplay and relations between market and regulatory forces.

Accepting the need for a more combined and relational approach, we might nonetheless, identify the principal characteristics of each as they pertain to issues of farm animal welfare. Again, this is not an exhaustive review, just an attempt to pull out what are salient features for the current debate within Welfare Quality. It ought to be noted here that regulatory and market approaches are not seen here as descriptive 'types' of particular national farm animal welfare profiles, as they have been employed in the earlier sections of the 'Strategies' report. Rather market and regulatory approaches are discussed here as modes of regulation that are found everywhere. Critically, as argued below, the outputs of Welfare Quality research need to address these governance modes differentially. In terms of future strategies for implementation, it is argued that the Welfare Quality tool is likely to be used differently within the market mode of welfare governance that would be its possible use within the regulatory mode.

In the first instance, the following section defines these various modes of governance and, having explored the two principal modes of regulation and the market, briefly identifies a number of additional modes that, though often ignored, will nonetheless be important in any consideration of how the Welfare Quality project outputs inform subsequent policy.

A1.1.1 State Regulation

There has been a surge over the last 10 to 15 years in regulatory mechanisms for farm animal welfare in all the EU Member States and in a number of countries outside the EU. A number of countries have established legal minima for certain practices and are engaged in banning husbandry techniques and methods deemed to be significantly detrimental to animal welfare. In certain cases, notably in the UK, these minima are accompanied by Codes of Practice which identify standards and procedures to be followed but do not imply regulated implementation and legal pursuit if they are not.

Although there are a number of outstanding areas of animal husbandry that, in the opinion of many observers require additional and enforceable legislation, it is broadly felt in a number of Member States that legislative mechanisms have, for the most part, reached a (relative) ceiling for the time being (with the growing interdiction of various forms of animal confinement and injurious activity). This relative (and possibly temporary) ceiling is defined by many factors; perceived levels of citizen commitment, enforceability, the twin requirements of harmonisation and subsidiarity and interest and the economic viability of production systems. It might, however, prove to be temporary if, either consumer pressure and demand shifts significantly towards requiring higher animal welfare standards or if the economic costs of meeting higher standards are significantly

reduced to make those standards more politically acceptable. The key future issues of regulation are therefore as follows.

Enforcement

As with environmental legislation in the 1980s, the effectiveness of new and wide-ranging raft of environmental legislation was compromised by highly differential rates of compliance and implementation. If legislation exists, it needs not only to be enforced but also to be seen to be enforced by consumers and citizens. Although there exists a considerable debate about the range and nature of enforcement procedures on farms at the present time, the relatively high levels of regulatory welfare standards in many States is threatened by difficulties and failures of enforcement.

Harmonisation

At present, across the EU, there are widely different mandatory standards for farm animal welfare with certain practices accepted in some countries while being banned in others. Unquestionably, this creates market distortions. The difficulty with harmonisation is that cross-national legislation is not necessary re-aligned to the highest level of existing standards but frequently to a median 'compromise level'.

Integration

Animal welfare regulation and legislation is frequently associated with the animal health sector. The key to its development lies in integrating it with a broader array of legislative and policy domains, notably environmental policy but also food security, rural development policy and agricultural policy in the wider sense. The incorporation of animal welfare concerns into, for example, Pillar 1 support mechanism of the CAP has been inconsistent to date.

From inputs to outputs

Following a trend observed in 30 years of EU environmental legislation and policy, we might suggest that the regulatory style of farm animal welfare is shifting, and will possibly shift further, towards a greater focus upon target setting and achievable outputs rather than the mere regulation of inputs, system specifications and designs.

Updating

Finally, we need to recognise that individual national Codes of Practice often take a long time to be updated and respond slowly to shifts in consumer awareness and demand. Nevertheless, Codes offer an aspirational way of identifying target levels of welfare without requiring legal enforcement of those target standards.

A1.1.2 Market Forces

Market forces are currently being fore-grounded as a panacea for the delivery of an increasing number of public goods, including farm animal welfare. At the risk of oversimplifying a highly complex area, market forces – as a mechanism for generating positive externalities - operate along two principal lines:

- negative welfare costs;
- good welfare pays.

Food sectors actors have actively pursued both of these lines, seeking on the one hand to assure and re-assure consumers that standards are met, while at they same time seeking competitive advantage from higher welfare products. Over the last 10 or so years, retailers and other food chain actors have been quick to pick up on (and in some cases, directly and overtly stimulate) consumer demand for higher welfare standards. In this way, welfare has become a viable component in product and brand segmentation. Products coming from higher welfare systems can be sold for higher prices, enabling retailers and food chain actors to compete on the basis of quality as well as on cost. This has been a lively and innovative competition with many retailers (and manufacturers) actively segmenting their product ranges to be able to compete at both levels simultaneously (for example selling cheap, lower welfare chickens in a 'value' range, while at the same time, selling chickens produced to a higher welfare standard in a 'quality' range). Perhaps the most effective segmentation has taken place in the field of eggs which, having anticipated EU legislation on battery systems, has now extended far beyond it with many retailers announcing a total ban on the sale of eggs from any form of caged system. This has been a good illustration of the 'power' of the retail sector and the market in driving welfare standards upwards. Although meeting higher welfare standards can involve a higher cost to producers and to retailers, the evidence suggests that this can be met by higher product costs. However, this is far from always the case and it is not certain that the higher prices obtained at point of sale will necessarily be shifted down the food chain. Conversely, in certain circumstances, retailers will themselves absorb the higher costs in order to promote brand allegiance amongst their customers (see below).

The principle that 'negative welfare costs' has also been an increasingly prevalent and implicit component of food chains. Going beyond the punitive impact of legislative non-compliance, the chief mechanism for ensuring that negative welfare costs' is through the gatekeepering of access to markets. Unless farmers, or farm systems, comply with welfare standards set by food chain actors (whether abattoirs, manufacturers, exporters, importers or retailers), they will not be able to sell their products, or will have to sell at a lower cost. With the dramatic increase in assurance schemes and minimal trading standards operated by food chain actors and NGOs, the message that 'poor welfare costs' (from producers to retailers) is a potentially strong one.

Assurance schemes emerge as a critically important mechanism for both the 'good welfare pays' and the 'poor welfare costs' approaches. They provide retail actors, producers, levy

boards, manufacturers and NGOs with a means of 'guaranteeing' quality to those consumers (or other food chain actors) ready to pay a higher price for high welfare products, or ready to continue shopping in a retail outlet that they associate with such products. They provide producers with 'evidence' of their own good husbandry practice. Their current proliferation, their varied criteria of assessment and the different ways they can be valorised with the retail chain are, nonetheless, areas of possible confusion and limitation (something we have explored in a separate paper). In terms of poor welfare costing, assurance schemes clearly act to deny producers with poor standards of welfare access to retail shelves.

Market forces though, are not without difficulties. They depend largely upon consumers 'ability' and 'willingness' to pay'. The market is essentially hedonistic (in that it seeks short-term gain) and non-cumulative in nature (gains in one area can be dropped if no longer considered useful in market terms). The food sector, in particular, is characterized by its traditional avoidance of key non market-friendly aspects of the production process (notably slaughter) and its often highly selective use of scientific evidence. Finally, to be a competitive player in driving up standards, the increasingly globalised market needs variability in standards from which to draw competitive advantage. The market creates differentiation and hence product or brand segmentation where it can find it. Variable welfare standards across various international global supply chains offer, at the present time, the possibility of considerable product segmentation. And that subsequent segmentation is, clearly, having a significant impact on raising standards as other market actors seek to compete.

It is here that the tandem of market forces and regulation comes into play, with regulation ensuring longer-term objectives and building in a cumulative fashion upon individual gains. Additionally, regulation is able to govern those aspects of the production process for which the market cannot gain any degree of competitive advantage. Yet, if regulation (or moral concern) achieves a totally level playing field, the capacity for market forces to segment, create competitive advantage and thus drive up standards is potentially diminished. Regulation should not inhibit acceptable levels of differentiation (which are conventionally position above the level of a desired universal minimum)

A1.1.3 Other Mechanisms

While we tend to think predominantly in terms of the twin roles of market forces and regulation, there are a number of other mechanisms for governing and improving levels of farm animal welfare. Four might be mentioned here.

Direct public good payments

If we accept farm animal welfare as a public good, one that cannot be exclusively translated into transferable value but which represents a value to society independent of

its marketable value as product, then there is an argument that producers should be 'paid' or reimbursed by society for the costs of delivering that public good. The model exists already, in Europe and elsewhere, for environmental goods produced as positive externalities from environmentally-beneficial agricultural practices. Since the 2002 reform of the Common Agricultural Policy (CAP), such practices have been eligible, within defined zones or according to specified criteria, for support (calculated on the basis of the costs to the farmer of maintaining such externalities and upon the income foregone by not changing to more environmentally damaging management practices). Participation in such schemes is wholly voluntary and the practices supported in this way ranges from organic production (farmers being eligible for support during conversion to organic and, in some countries, for the maintenance of organic production) to low density animal husbandry on ecologically sensitive grasslands.

For the most part, such schemes are geared towards the promotion of environmentally sustainable farming practices and the protection of particularly sensitive ecosystems, flora and/or fauna. However, recent changes in the rules guiding the eligibility of farm practices for such support have opened the door to the adoption of schemes designed to promote animal welfare as a public good. The delivery of high animal welfare is now specifically identified as an area where such support might be forthcoming. However, to date, very few EU Member States have sought to develop welfare-focussed schemes under Pillar 2 of the CAP. To my knowledge, only Ireland has piloted such a scheme, in which animal welfare criteria form part of a voluntary management agreement and for which farmers receive payment.

Cross compliance

Often portrayed as the 'stick' in comparison to the 'carrot' of public goods payments outlined above, cross compliance mechanisms, which we might qualify as 'indirect' public good payments, were introduced in the 2nd round of the Agenda 2000 CAP reforms. To be eligible for the principal source of farm support in Europe (the Single Farm Payment, SFP), farmers have to comply with a set of environmental and other conditions (chiefly based upon extant legal requirements). Failure to comply means they might loose their SFP. Cross compliance is verified by inspection. The most recent reform of the CAP introduced a relatively small number of animal welfare conditions into mandatory cross compliance though, crucially, gave Member States a considerable degree of flexibility in how, if at all, they would implement these. As a result, there is, across the EU considerable variation in both the extent to which welfare criteria are included in Cross compliance mechanisms and in the level of requirements for those where they are.

Clearly, in many ways, cross compliance is a regulatory device. However, it is, theoretically voluntary in that farmers can choose not to comply and not to receive the SFP). Moreover, a concern of many farmers is that voluntary measures do sometimes become mandatory. Hence some of the measures originally introduced as components of voluntary agri-environmental schemes have now found their way into cross-compliance rules. Nevertheless, cross compliance offers a potential mechanism both for ensuring

greater degrees of basic legislative compliance and for encouraging the integration of welfare concerns into broader considerations of farm sustainability.

International agreements

It is worth mentioning international agreements at this stage because there is a sense that these are poised to become significant, particularly with respect to the international trade of animal products. In the absence of any formal WTO agreement on the use of animal welfare conditions in trading relations, the OIE is looking at the development of a widely acceptable set of welfare criteria (OIE, 2008) that trading countries or suppliers would be required to meet (or at least, failure to demonstrably meet such standards might be employed as justification for not trading). Adopting another approach, the FAO is actively seeking to promote animal welfare in its capacity-building activities in developing economies, stressing in particular, the relationship between improved farm animal welfare and the social and economic benefits this can bring to human societies (FAO, 2008). While it is certain that standards such as those promoted by the OIE need to be implemented through national mechanisms (the international bodies involved having no field capacity for assessment and verification), the growing penetration of welfare considerations into trade agreements and their broader governance has major implications for Welfare Quality project output.

NGOs

Finally, NGOs have emerged in recent years as critical actors not only in the promotion of farm animal welfare but also in the running and development of assurance schemes. It might be argued that producer organisations have equally emerged, perhaps more recently, as actors increasingly ready to integrate welfare criteria into their own assurance schemes. However, the distinction is drawn between these, for whom welfare criteria are part of an overall marketing and promotional strategy, and NGO led schemes where the objective is essentially to promote improved welfare. Even this distinction is open to criticism as organisations like the UK Soil Association, are also concerned with the broader promotion of organic farming, and thereby organic farmers. However, the value of identifying NGOs as a distinct category is that NGOs have, arguably, driven the welfare agenda forwards within the market mode of governance, forcing standards upwards and widening the breadth and range of animal welfare concerns. Additionally, NGO schemes have been amongst the first to experiment with the use of animal or outcome-based measures. In general, retailer-led and producer-led schemes have followed these, competing with each other to match, or get closer to, the standards set by the NGOs and thereby effectively segment the market while at the same time, validating the basis of that segmentation to consumers.

Consumer ‘power’

Identifying ‘consumer power’ as a mode of regulation is perhaps a little contentious (and might be considered a component of the ‘market’) but, in the field of animal welfare (as with other societally relevant ethical concerns), one can argue that the purchasing decision

of consumers (to buy or not to buy) is a significant factor in how farm animal welfare is articulated as a concern and how it is integrated into the commercial strategies of food chain actors. Certainly the results of SP1.1 provide detailed information on the potential, as well as the actual power of this particular mechanism of 'governance'.

Science 'power'

Finally, in this brief review of modes of welfare governance, it is worth identifying the role of science, and particularly veterinary and animal science and ethology. It has long been the case that these sciences 'speak for animals' and, as such provide the discourses of animal understanding through which welfare concerns are identified and articulated. As has been well documented in the literature, the last few years have seen a significant shift within the 'science' of farm animal welfare assessment away from the more traditional focus on system 'inputs' to a greater understanding of the outputs of farm practices on animal bodies, choices, behaviour and emotions. Moreover, as these outcome-facing approaches become more integrated into assessment procedures (as they are already being gradually integrated into certain assessment procedures), the practice and performance of assessment itself becomes ever more important as an element of welfare governance. Although these more traditional approaches still constitute the major part of current welfare assessment, the gradual integration of what we might describe as body ontologies and ontologies of practice - itself, the consequence of a welcome coming together of social and animal science - will have significant impacts upon how farm animal welfare is both assessed and governed (these impacts are detailed and discussed in Buller and Roe, 2008).

The purpose of this list of approaches and actors has been to identify the broad regulatory and governance context into which any implementation of the Welfare Quality output needs to articulate and relate. The implementation of Welfare Quality will necessarily impact upon these different actors, procedures, institutions and so on. How effective that implementation will be, depends upon establishing an effective and forward looking strategy for acting with, and responding to, each of them.

A1.2 PRINCIPLES

Before going on to look at the some of the strategic implications associated with implementing the Welfare Quality outputs, there are two broader concerns that we might address. The first of these is a concern for the strategic 'visibility' of animal welfare within food supply chains. The second is a concern for a clearer and more up-to-date sense of what the strategic objectives of the Welfare Quality project are, or should be.

A1.2.1 The Visibility of Farm Animal Welfare

A great deal of writing on consumer knowledges, and an implicit assumption of much of the justification both for the Welfare Quality consumer research as well as the European Commission's own engagement with the issue of welfare labelling has been that consumers will make improved and informed ethical choices if provided with the information needed to make such choices. Raising the visibility of welfare as a criteria of choice will, it is assumed, respond to acknowledged and identified consumer interest and lead to greater demand; this in itself, on the one hand, promoting supply chain actors to increase the amount of food generated from higher welfare systems and, on the other hand, through the stimulus of competitive advantage, drive welfare standards upwards. So far so good.

However, the consumer and retail actor research undertaken under SP1, as well as additional research under SP4 also provides evidence of a potentially alternative and contradictory scenario. First, retail actors across all the countries investigated have been clear and relatively unanimous in their belief that welfare, as a single criteria, is unlikely to sell products (other than to a very small minority of single-issue consumers). Second, many people believe that farm animal welfare is something that should be governed by regulatory means (either juridical or through internal governance mechanisms such as conformity to assured standards), with food chain actors assuring that animal products on sale should come from systems that conform to welfare standards. Thirdly, in some countries, recent years have seen a decline is the use of welfare criteria in direct product labelling (whether it be through information on packaging or through the use of specific welfare schemes) while welfare conditions grow as a key part of supply chain assurance and retailer branding. Finally, increasing consumer research evidence from outside the Welfare Quality project reveals a growing confusion on the part of consumers with regard to labelling information. Taken together, these elements suggest that raising the 'visibility' of farm animal welfare as an identifiable production condition for consumers may not necessarily be the most advantageous way forward. Rather the focus might increasingly be on establishing the validity and effectiveness of animal welfare conditions and improvements within supply chains themselves rather than at point-of-sale. This has implications for the implementation of the Welfare Quality research in two ways: first, it focuses attention on assurance and assessment rather than on labelling. Second, it focuses attention on food chain actors and the 'performance' of welfare ethics, rather than legislative bodies and the 'framing' of those ethical positions.

A1.2.2 Managing Demand: The Shifting Objectives of 'Welfare Quality'

At the recent EU conference of 'Animal Welfare and World Trade' held in Brussels in January 2009, a number of speakers referred to the Welfare Quality project and the anticipated outputs. A recent written response to a question in the European Parliament also defers to the anticipated outcomes of the project. A number of internal national policy

advisory documents in different EU countries have alluded to the project and its anticipated outputs. Clearly, a lot of people are waiting to hear what the project has to say on a number of critical issues. There is a concern though that what is being anticipated does not necessarily correspond to what will be delivered. There is a need therefore for Welfare Quality to manage that demand. Many people erroneously anticipate the exploration of a prototype Welfare Quality label. Others are anticipating a classification system for European farms according to their conformity to a Welfare Quality standard. Others expect a tool-kit of state-of-the-art scientifically verifiable assessment mechanisms and so on.

As an initial strategic consideration, Welfare Quality needs to assess these anticipated outcomes and match them, where possible, to the project's outputs. If original objectives have been altered, then this should be made very clear before the project's end.

A1.2.3 Separating Assessment from Labelling

There is often confusion between these two activities. They are frequently assumed to form a whole with assessment schemes existing to validate a form of specific labelling. Although a great deal of 'internal' supply chain assessment does take place without giving rise to a distinct product label that is visible to consumers, the association between the two is often made both by consumers and lobby groups. It is important for Welfare Quality that these two activities are seen to be distinct, that an assessment tool has enormous potential and validity independently of any eventual labelling instrument and that such assessment schemes can be validated through the food chain by a range of procedures and mechanisms that do not necessarily result in a distinct labelling scheme. It is also worth acknowledging at this point that 'labelling' and 'certification' schemes take on a wide range of forms ranging from procedural certification (such as ISO certification) to point of sale labelling.

A1.3 STRATEGIES

Accepting this as an over-simplification, we can consider the implementation of Welfare Quality's research under six 'strategy' headings; the first of these is 'commercial' and responds most directly to the issues raised by the study of the retailer, consumer and producer actors within the later deliverables of SP1. The second is 'regulatory' and draws largely from the initial reports under SP1 where the broader legislative context for farm animal welfare within the participatory countries was examined. The third is public good'. The fourth is entitled 'information' and concerns the relationship of the project's research to producers and other food chain actors. The fifth 'EU facing' and the final 'international

facing' sections are more speculative and concern the project's contribution to the development of future policy.

Before considering these possible strategies, it is perhaps worth re-emphasising the broader, varied and distinctive contributions of the Welfare Quality project. Hence, in addition to the more specific areas of advice that the project has been providing, and as has been re-stated on a number of occasions, Welfare Quality:

- Introduces a range of innovative science-based, field tested mechanisms for assessing the welfare of farm animals on farm and at abattoir;
- Demonstrates, through science and field testing, the potential and value of outcome-based or animal-based measures of welfare assessment which are still relatively unknown in many of the existing welfare assessment practices;
- Offers a revised and updated set of twelve wide-ranging welfare parameters which might be seen as taking the 'Five Freedoms' approach forward, particularly in the direction of a more animal-centred appreciation of welfare;
- Delivers a scoring system through which the twelve criteria and the individual tests are variably combined to provide an overall welfare score for the assessed components of farm enterprises and/or abattoirs.
- Provides feedback and advice to farmers in dealing with issues of farm animal welfare and the improvement of welfare conditions on farms.
- Provides a 'package' that can be adopted by food chain actors in its entirety as a workable, tested assessment tool.

Of critical importance for these 'deliverables', Welfare Quality has been cross-national and cross-disciplinary.

Cross-national in that it has drawn upon the different agricultural, husbandry, veterinary, cultures and practices, as well as geographical contexts, of a range of different EU countries and has developed an assessment tool that is, and has been shown to be, compatible across these differences and variations. As such, the assessment tool is a *harmonised* mechanism of practice.

Cross-disciplinary in that it has set the processes and practices of assessment within an understanding of the varied socio-cultural, socio-legal, commercial and socio-technical practices across Europe that define and prioritise societal understandings of animal welfare conditions. Here 'Welfare Quality has been genuinely interdisciplinary in that, from the outset, social science and animal/veterinary science have worked together in defining animal welfare and its assessment as a socio-technical assemblage where scientific, animal and non-scientific knowledges are brought together and combined. As such, it has been uniquely concerned to show how welfare is 'constructed' by citizens, consumers retail actors and farmers as well as by scientists across Europe and how that construction can be built up into a composite, practical and translatable understanding of animal welfare.

A1.3.1 Welfare Quality Implementation and Commercial Strategies

The first and most obvious strategic consideration for taking the results of the Welfare Quality research forward must be their integration into, and articulation with, commercial strategies (whether they be those run by retailers, food manufacturers of NGOs). The commercial strategies of retailers, food manufactures, farmers' groups and other food chain actors are, as research conducted under SP1 demonstrated, absolutely critical in promulgating farm animal welfare as a means of gaining higher prices, a means of gaining competitive advantage or as a means of demonstrating corporate ethical responsibility (and thereby consumer fidelity).

The response to the results of the Welfare Quality assessment tool development will be heavily influenced by the following aspects of commercial strategies

Validation

With increasingly consumer protection legislation and the duty placed upon food chain actors to show 'due diligence' in procurement, processing and labelling, welfare conditions are generally used within commercial strategies to *validate* the claims made by food chain actors about the quality of their products. Consequently, the choice of which aspects if animal welfare are to be validated, and the mechanisms of assessment employed, will be driven by the commercial reasoning behind specific claims. If a food chain actor decides that a particular welfare issue (say, for example, lameness in dairy cattle) is one that they want to draw consumer (or other food chain actors) attention too, then it is this commercial decision that will inform the welfare assessment put into place. In other words, the welfare conditions are, from the outset, framed by their potential to be validated within commercial strategies. This has important implications for how retailers and other food chain actors might respond to a holistic assessment tool, in which all conditions are integrated into a single score.

Creating markets

Drawing out of the above, it would be wrong to assume that retailers, in particular, are merely passive actors responding to consumer demand. Retailers, and other food chain actors, actively 'create' demand. They decide which qualities of any given food product should be enrolled into a commercial strategy and which mechanisms might be employed to explicitly validate any claims made. Animal welfare thus becomes one component in the wider toolbox of 'quality' or 'ethical' values that retailers and other food chain actors can draw upon in the 'invention' of product characteristics and thereby of consumer demand. As a result, such actors will draw upon different aspects of farm animal welfare in different ways, some having greater potential to 'create' markets than others. Moreover, other aspects of farm animal welfare, such as those relating to conditions of transport, slaughter and so on, may well be deliberately obscured from commercial strategies. Finally, as the SP1.2. work has shown, welfare itself is generally 'bundled' up with a range of other product qualities (taste, environmental conditions and so on – with this 'bundling'

displaying significant national variations), meaning that food chain actors can be highly creative in developing the broader quality and ethical profiles of their products (and the validation procedures that lie behind them).

Segmentation

Critically, farm animal welfare is a component of product segmentation. As argued above, segmentation and differential category management is the cornerstone of (retail) capitalism. Animal welfare is being increasingly used by food chain actors (and particularly retailers) to differentiate products and to segment product ranges. As an ethical concern, animal welfare has become generic, only at the base level of mandatory conformity to national (and European legislation). From this relatively low base, food chain actors have constructed a highly variable topography of welfare claims and products, with high welfare products, in some cases being specifically labelled as such, being sold as part of quality product ranges, or – in other cases- becoming incorporated in broader supermarket brands. This has important implications for the roll out of Welfare Quality because it suggests the need for considerable flexibility (either at the level of the overall scoring or at the level of the component assessments)

Branding

Although there is a growing number of product labelling schemes and assurance schemes that incorporate higher levels of farm animal welfare as a necessary condition for entry or validation, there is a concomitant decline in the explicit use of these labels and assurance schemes in product display. As suggested above, farm animal welfare, at the point of becoming increasingly visible as a major area of societal and legislative concern and innovation, is also becoming less visible as an explicit element of product differentiation. Rather retail and other food chain actors are incorporating higher welfare conditions into their broader generic 'brand' image. It might be suggested then that welfare, having recently emerged as a societal concern at the retail end of the chain through consumer interest, is gradually moving down the chain as its mode of governance shifts from individual consumer choice to brand validity. This too has implications for Welfare Quality. At the most immediate level, it suggests that associating the Welfare Quality tool with a specific welfare label (or explicit consumer-facing information) is going against the trend within retailing of increasingly subjugating product quality conditions to brand quality conditions.

Exclusivity

Bringing the four above points together, commercial strategies emphasise exclusivity rather than inclusivity. They are founded upon segmentation and differentiation rather than similitude and comparability. They promote competitiveness. For one actor to achieve a competitive advantage from higher welfare standards requires others to have lower welfare standards and to be identifiable as such. Although there is substantial evidence to show that those higher standards can effectively prompt positive market response as other food chain actors seek to reduce the differential between them (visible in numerous examples of

competitive ethical labelling or in different retailers following broadly similar 'high end' categories), this is not always the case. If you cannot compete on quality, you compete on price thereby creating even greater polarisation; as demonstrated in the increasing use of 'But One Get One Free (BOGOF marketing) or the example in February 2008 when UK Tesco supermarkets launched a 'two chickens for £5.00' campaign' at a time when other food chain actors were specifically developing quality lines. In short, commercial strategies, which employ farm animal welfare as a criterion of product quality (or of the ethical commitment of food chain actors) are *exclusive* and not *inclusive*.

As a component of commercial strategies, we might anticipate therefore that the Welfare Quality tool would be used primarily as an element in creating, reinforcing and validating the difference and thereby exclusivity of products from high welfare production systems within a commercial setting. These might be products commercialised through a distinct quality segment within a retailers range (for example a 'Quality' or 'Best' range) or might be products sold within a particular niche (such as organic food or distinctive 'welfare friendly' food). Whatever the commercialisation, the tool becomes a component of that exclusivity. If everyone were to produce to the 'highest' level of the Welfare Quality assessment, it would have no point within a commercial strategy. As such, a tiered scoring mechanism within the Welfare Quality assessment tool ('excellent', 'good', 'acceptable'…) becomes more valuable as the basis for differentiation and segmentation. The advantage here is two-fold; it gives presence and/or visibility to higher welfare production systems (even if this is not immediately 'visible' to consumers) and it opens at least the possibility that a competitive commercial environment will develop as other food chain actors seek to capture a part of the market for such products by following suit. Nevertheless, as an (initially) exclusive strategy of implementation, this is markedly different to what might be best suited to a regulatory strategy, to which we now turn.

A1.3.2 Welfare Quality Implementation and Regulatory Strategies

If commercial strategies suggest exclusivity, public regulatory strategies suggest *inclusivity* and *conformity*; the aim being to get as many production systems as possible (within given parameters) conforming to an agreed level of welfare achievement.

Within the considerable range of public regulatory strategies, we might identify two as being particularly relevant here: on the one hand, regulatory strategies that seek mandatory 'across-the-board', base-level conformity to proscribed standards and, on the other hand, regulatory strategies that establish the proscribed standards for specialist and particular production systems that are judged to have benefits for the wider public good and require to be identified as such. Under the former, a regulatory authority, such as the EU or an individual Member State may require that all production systems of a given type meet a certain level of welfare requirements (an equivalent might be cross compliance rules). Under the latter, a regulatory authority might define a set of standards (and associated assessment requirements to accompany them), compliance with which allows food chain

actors to display a label or make specific claims about those products (and recuperate greater production costs through higher prices; an obvious example is the EU Organic Standard).

Because both strategies are deemed to be in the public interest, they actively encourage (or should actively encourage) adherents/subscribers thereby increasing the extent of the public good delivered. As such they are based upon a principle of *inclusivity*.

As a component of public regulatory strategies, this emphasis on inclusivity would suggest that any implementation of the Welfare Quality assessment tool would need to focus less upon differential levels of compliance (yielding a tiered system based upon grouped assessment scores) and more upon a more simple compliance/non-compliance dialectic. There might be a degree of flexibility within the assessment procedure (for example, a low score in one parameter might be mitigated by a high score in another) but the overall objective would be to 'pass' or 'fail' assessed farms or systems. This implies a more rigid implementation of the Welfare Quality assessment tool that that associated with the commercial strategy. However, the potential advantages of the WQ tool in this context are, first its cross-European application and, secondly, the relative flexibility of the 'mix' of assessment tests and the cumulative scoring into a single index. Moreover, results of the consumer research in SP1.1 reveal that the European public clearly expects farm animal welfare to be, to a greater or lesser extent, addressed through regulatory controls far more than through competitive advantage. Once again, this suggest a more simple 'pass'/'fail' system, with the WQ assessment tool providing the mechanism for that assessment.

A1.3.3 Welfare Quality Implementation and Public Good Strategies

The third strategy approach concerns public goods. If we conceptualise farm animal welfare as a 'public good' (a conceptualisation supported by consumer responses recorded in SP1.1), then, the argument goes, farmers might be compensated for the higher production costs incurred by higher welfare systems by a public authority on the basis that the food actors concerned are providing a public good (similar to a desired landscape or clean river).

Under such an approach, the Welfare Quality Assessment Tool would need to provide evidence of *entitlement*. Here the implications for implementation are more varied. If we take the example of agri-environment schemes currently being used within the 2nd pillar of the CAP as public good payments for farmers voluntarily delivering environmental benefits, then there are a range of different models available.

A tiered approach

A number of countries have adopted different levels or tiers of payment corresponding to different levels of public good. Farmers (or other food chain actors) choose which level

they wish to apply for. Higher levels of public good delivery are associated with higher levels of constraint on farmers and therefore higher costs (or higher profits foregone). Consequently, payment levels are correspondingly greater. Were such an approach to be employed for the delivery of welfare benefits as public goods, an assessment scheme would need to be able to reflect the different 'tiers'. The Welfare Quality assessment tool would certainly fit this model with its different levels. What would be needed though is a sense of the differential financial implications (to the farmer) of achieving the higher levels of welfare under the Welfare Quality assessment tool.

A competitive approach

A more competitive model has been adopted in some Member States. Farmers (and other food chain actors) bid for financial support to deliver public goods and this is assessed and granted on the basis of the extent and value of the resulting public benefits. Critical to this process is an effective assessment of the likely benefits and their cost. Here the Welfare Quality assessment tool could provide the basis for such an assessment by identifying the likelihood of adaptive strategies being effective. Whether it would be more effective to bring low welfare delivery systems up to an intermediate level, or intermediate level systems to a high level would be policy decision but the Welfare Quality tool might be employed to assess the relative value and efficiency of each in a situation where overall resources are limited and finite.

A qualifying approach

The final approach is perhaps the most common within European agro-environmental schemes; a simple approach based upon compliance with defined standards. Here we might envisage the Welfare Quality assessment tool being used either in a simple 'pass'/'fail' way or as an achievement level for qualification.

A1.3.4 Welfare Quality and Information Systems

It is important that the use of the twelve 'criteria' and the assessment mechanisms comprising the Welfare Quality tool is not seen exclusively or solely in terms of evaluating conformity and regulating compliance within the context of formal assurance or regulatory procedures. The science and the practical experimentation of the welfare assessment mechanisms developed in Welfare Quality should also be seen as a critical source of information for producers and food chain actors wishing to identify on-farm welfare requirements, validate existing welfare practices and, where appropriate, improve the welfare of farm animals and through it, the viability and sustainability of farm enterprises. Research conducted under SP1.3 revealed clearly the nature and extent of producers' concern for the welfare of the animals in their care and the desire, amongst many, to see their own commitments to, and engagement with, welfare acknowledged. In this respect therefore, the results of the Welfare Quality project, in particular the technical research

concerning welfare practices, should be made widely available to producers and food chain actors, both independently and through established farm-sector feedback channels.

A1.3.5 Welfare Quality and the Development of the EU Farm Animal Welfare Agenda

The Community Action Plan on the Protection and Welfare of Animals (2006-2010) adopted by the European Commission on 23 January 2006 identifies 5 'areas for action' (see Box A1.1). Additionally, amongst the 'planned actions' identified in the Action Plan (page 7) are the following:

- Report to the Council and Parliament on the further application of measurable indicators in Community animal welfare legislation (based on 2009 outcome of Welfare Quality research project)'.
- Creation of a legislative instrument to validate farming systems applying higher welfare standards than those foreseen in applicable legislation

Box A1.1 Extract from EU Community Action Plan on the Protection and Welfare of Animals (2006–2010).

1. Upgrading existing minimum standards for animal protection and welfare in line with new scientific evidence and socio-economic assessments as well as possibly elaborating specific minimum standards for species or issues that are not currently addressed in EU legislation. A particular priority will be designing EU rules in order to secure efficient enforcement and to take account of rules governing international trade.
2. Giving a high priority to promoting policy-orientated future research on animal protection and welfare and application of the 3Rs principle: in order to respect the obligations under the EC Treaty Protocol to pay full regard to the welfare of animals in formulating and implementing these policies in parallel with enhancing the development, validation, implementation and monitoring of alternative approaches to animal testing.
3. Introducing standardised animal welfare indicators: to classify the hierarchy of welfare standards applied (from minimum to higher standards) in order to assist the development of improved animal welfare production and husbandry methods and to facilitate their application at EU and international levels. On this basis, options for EU labelling will be explored in a systematic manner.
4. Ensuring that animal keepers/ handlers as well as the general public are more involved and informed on current standards of animal protection and welfare and fully appreciate their role in promoting animal protection and welfare. In respect of farm animals for example this could include working with retailers and producers to facilitate improved consumer trust and awareness of current farming practices and thus more informed purchasing decisions, as well as developing common initiatives in the field of animal welfare to facilitate the exchange of information and the application of best practices.
5. Continue to support and initiate further international initiatives to raise awareness and create a greater consensus on animal welfare, including engaging with Developing Countries to explore trade opportunities based on welfare friendly production systems. The Community should also actively identify trans-boundary problems in the area of animal welfare, relating to companion or farm animals, wildlife etc., and develop a mechanism to tackle them in a more timely, efficient and consistent manner.

Source: European Commission, 2006, pp 3–4.

- Possible establishment of a European Quality Standard for products emanating from high animal welfare production systems and creation of a specific technical and financial system to promote at European level the application of higher welfare standards both for their technical developments and to market them in Europe and abroad.

It goes, almost without saying, that in all of these areas, the research findings of the Welfare Quality project should play a key strategic, policy and empirical role. To do this effectively, the project will deliver clear, transparent, evidence-based and, where appropriate, field-tested research results that can accommodate the diversity of European experiences, physical and structural variations and policy variability while at the same time offering harmonised, fair and sustainable mechanisms for the improvement and assessment of farm animal welfare.

A1.3.6 Welfare Quality Assessment and International Trading Standards

The role of welfare standards in the international trade of animal products is a contentious but highly topical area of contemporary debate. A recent EU conference on this theme (January 2009) revealed both the extent to which this is on the international agenda and the strength of opposition to the use of standards by certain countries. Nevertheless, a number of bodies, notably the OIE, are looking at how such standards might be developed and implemented. What are the implications for the future use of the Welfare Quality project results? The recent EU conference revealed three strategies of response by countries seeking to export animal products to those nations and blocs where there is a growing concern for farm animal welfare. First, there were those countries that were anticipating such concerns by developing their own wide-ranging internal welfare assessment procedures often drawing upon assessment schemes already operating in importer nations (an example being some Latin American and Far Eastern nations). Second, there were those for whom the export market represented a relatively small proportion of their animal production sectors and for whom farm animal welfare was consequently not seen as a priority (except in highly specialised export-facing sectors). Finally, there were those countries who strongly believed that farm animal welfare should constitute an element of market segmentation and not be drawn from generalised and undifferentiated set of standards.

The Welfare Quality assessment tool is most relevant to the first of these groups and indeed, it is already being tested in some of them. There is clearly considerable potential for developing the Welfare Quality assessment tool – or parts of it – as the basis of an internationally agreed methodology. Not only has it already been tried and tested in a number of different counties with very different agro-animal contexts but it would seem logical to seek its development as a mechanism of both assessment and evaluation for countries whose animal product sectors will compete directly with European food chain actors in European stores. However, there is also potential for the assessment tool to be

TABLE A1.1 Summary table.

	Characteristics / Use of the Welfare Quality Assessment Tool								
	Tool use		Outcome		Integration			Remit	
	Full assessment tool	Partial assessment tool	Pass/ Fail	Tiered	Stand Alone	Bundled	Part of Brand	Inclusive	Exclusive
Commercial Strategies	X	XXX	X	XXX	X	XXX	XXX	X	XXX
Regulatory Strategies	XX	XX	XX	X	XXX	X	–	XXX	X
Public Good Strategies	XX	XX	XXX	XXX	XX	X	–	XXX	XX
Trade Standards	X	XXX	XXX	X	XX	X	–	XXX	XX

Notes: XXX most likely application; XX likely application; X less likely application; – not relevant.

employed by retail and food chain actors in other countries where a greater emphasis is being placed upon competitive strategies.

APPENDIX 2

BASIC QUESTIONNAIRE FOR POULTRY FARMERS

A2.1 General

- Farm size (ha, number of animals).
- Farm type (laying hens, broilers).
- Farm practice: housing system.
- Farmer (age, education, family situation, number of fixed workers – full-time equivalents, gender, position/role of the interviewee).
- The (global) organization of the marketing of the farms' products (on contract or not, member of co-operative or not, any direct sale).
- What makes a good farmer in your opinion?
- Could you indicate how important the following matters are for your farm (items are in alphabetical order) (Very important, Important, Neutral, Unimportant, Very unimportant.
  - Animal health;
  - Animal welfare;
  - Economic performance;
  - Environmental health;
  - Food safety.

- A short overview of the relevant history of the farm (only ask about major changes in the last 5–10 years, f.e. turn towards organic, succession of farm).

A2.2 The Definition of Animal Welfare by the Farmer

How would you describe your relationship with your animals? What do they mean to you? Is there a difference in this regard between the animals you have?

How do you define animal welfare? What is good animal welfare and what is bad animal welfare? Why is animal welfare important?

Which feature are, according to you, the most important for animal welfare?

(Indicate your top 3: 1 = important 3 = less important)

- No prolonged hunger, thirst or malnutrition.
- Physical comfort and safety.
- Absence of injuries.
- Absence of diseases.
- Absence of pain.
- The animal can express normal/natural social behaviour (i.e. grooming, huddling for warmth).
- The animal can express normal/natural other behaviour (i.e. play, exploration, foraging).
- Good human–animal interaction.
- Absence of fear and stress.
- Something else: …

How do you judge the welfare of your animals, also in relation to other farms in your country? How do you know they are feeling well? What do your animals need in order to feel well? Pressure for specific information about 'feeling well'!

What have you done so far to warrant the welfare of your animals? Do you go beyond legal regulations? What could you still do? What is constraining you to do so?*

Is there any discussion about this in your family? Do they think the same about animal welfare?

How do your assess your knowledge on animal welfare? Would you like to know more?

A2.3 Regulations

Do you know the actual animal welfare regulations at the national and EU regulation? Do you know what the most probable changes in the near future are? Who informs you on these matters?

How do you evaluate national animal welfare regulations? Do the animal welfare regulations ensure a good (enough) animal welfare? Should the regulations be stricter/less strict? Are they realistic and aware of agricultural practice?

Is it important that national regulations are equal to regulations elsewhere and why/why not?

* This question probably overlaps with other questions later; check then if specific aspects have not yet been covered.

A2.4 Participation in (Animal Welfare) Schemes

A2.4.1 Motives and Barriers for Participation

For farmers who participate in any AWS:

Do you participate in any animal welfare schemes? Since when? How did you learn about the scheme?

Why do you participate? What was originally your motivation?

What are the pros and cons of being a member?

How 'tough' is the animal welfare module in your scheme?

Should the scheme be improved and how could that be done?

Would you be interested in entering a 'tougher' scheme (if existing)?

Is a higher price of your products decisive for your willingness to engage more in animal welfare practices? What will motivate you to implement (more) animal welfare measures?

For farmer who do not participate in any AWS (anymore or yet):

What do your know about the different AWS and where did your obtain information? (short: just to know if they are aware of the existence of the schemes and the opportunities they offer)

Did you ever participate in any animal welfare scheme?

If yes: when and why did you leave?

If no: why didn't you

Would you be interested in entering an animal welfare schemes? Why/why not?

Is a higher price of your products decisive for your willingness to engage more in animal welfare practices? What will motivate you to implement (more) animal welfare measures?

A2.4.2 Knowledge of AWS and (Presumed) Impact on Farming

Is it possible for farmers to stay out of any of such schemes nowadays in your view? Why/why not?

How does participation in an animal welfare schemes affect you and the management for your farm? (ask for real experiences and expectations/fears; first generally and then with regard to the following aspects):

- The freedom to manage the farm in the farmer's own chosen way.
- Extra (administrative) workload.
- Production costs.
- Transaction costs (resulting from changing management, stables etc.).
- Marketing opportunities (price and quality of products).

A.2.5 Specific Animal Welfare Requirements

Opinion of the need for some of the following specific requirements that are under discussion right now; some of these are country-specific taking into consideration the different regulations and current topics in the various countries; use what makes sense in the context of your country and/or the EU.

Are these measures a) already implemented b) feasible, and c) desirable?

Are you willing to implement these measures? Under what conditions?

Laying hens

- Free-range (instead of cages).
- Outdoor- access (on top of free-range indoors).
- Increase surface.
- Enriched cages (instead of battery).
- Beak-trimming forbidden.

Poultry

- Outdoor-access (on top of free-range indoors).
- Increase surface.
- Use slow growing broiler chicks.
- Beak-trimming forbidden.
- Flat deck system to avoid stress of catching.

A.2.6 Monitoring and Control System

- How often is your farm inspected for animal welfare? What are the inspectors doing? Is the inspection very tough / serious in your opinion? (generally and in case of 'your' animal welfare scheme)
- What are the strengths and weaknesses of this monitoring/control system? Should it be improved? How?

A.2.7 Knowledge and Advice

- Who informs and advise you on animal welfare issues? With whom are you discussing animal welfare questions?
- To what extent does the veterinary influence your ideas about and behaviour regarding animal welfare matters on the farm?

A.2.8 Transport and Slaughtering of Animals

- What is 'good' animal welfare during transport? Is the current situation 'good'? Why (not)? Should it be improved? How?
- What do you think about the welfare of animals at the slaughterhouse? Is it animal friendly as it is? Should it be improved? How?

A.2.9 Society, Market and Consumer

- How is your production typed perceived by 'society' = pubic image? What about your neighbours, fellow farmers/ peers?
- What do consumers think about the welfare of animals in the cattle sector in your view? What do they want in your opinion?
- Do you think an animal welfare brand would 'sell'?
- What is the role of the retailers?
- What is your opinion of the animal welfare activists?

A.2.10 Future

- Should the poultry industry be concerned about animal welfare and an increased public interest in animal welfare now or in the near future? Why? Why not?
- What should farmers and their interest groups do to anticipate this increasing concern?
- How could consumers, government and chain partners support farmers to produce more animal friendly?

A.2.11 Conclusion

Thank you very much. Is there anything you would like to add? Interest in receiving information on results.

APPENDIX 3

HUNGARY

A3.1 Key Informant Interviews

Representative organisations
Fauna Society/CIWF (Levente Pencz – Campaign director)*
National Association for Consumer Protection (Dr. Livia Dömölki – Food expert)*
Producer organisations
Poultry Association (Tony Gere/Dr. Laszlo Takacs)
Poultry Product Board (Peter Foldi - Agricultural Secretary)
Livestock & Meat Product Board (Dr. Laszlo Zadori - Secretary General and Udo Dul - Consultant)*
Hungarian Green Beef (Dr. Imre Bodo)*
Other interests
Organic Support Organisation, Trebag (Peter Kövesd – Managing director and Krizstina Horvath – Consultant organic agriculture)*
Simon Redfearn (Farm manager on dairy farm near Siofok)*
Retailers
CO-OP Hungary Rt. (Attila Ando)*
Provera/Cora Magyar Hipermarket Kft. (Sandor Vadasz)
Csemege-Match Rt. (Barbara Szekely) Same as Provera*
Public organisations
Ministry of Agriculture (Dr. Laszlo Pallos)*
Hungarian Central Statistical Office (Eva Menesi – Senior statistician, Zsuzsanna Berendi, Dr. Salamin Palne)*
Hungarian Food Safety Office (Dr. Peter Biacs, Dr. Katalin Szabo)*
Chief Veterinary Surgeon, State Veterinary Service and Advisory Board on Animal Welfare (Dr. Attila Berey – Director, Dr. Akos Vegh – Country Veterinary Office)*
Dept. of Animal Hygiene, Szent Istvan University (Dr. Pal Rafai)*
Translator
Belai Gabor (Eurama travel agency, c/o Hotel Inter-Continental)

* English spoken.

A3.2 Information on Production and Producers

Representative Organisations
Ministery of Foreign Affairs (Laszlo Ivanyi)
Fauna Foundation (Levente Pencz)
Producer Organisations
Dairy Product Board (Mevr. Bakosz)
Meat & Livestock Product Board (Dr. Dul and Dr. Endrödi)
Poultry Product Board(Dr. Földi)
Expert of food quality, safety and hygiene (Dr. Anton Nemet (retired))
Farmers
Ccsaladi Tojas Termelo Kft., Csaba Gubis (laying hens and egg-packaging)
Naki Mezögazdasági Zrt. Gyula Soltész (pigs,)
Nádormajor (pigs, family farm)
Olmos & Tóth Kft (mangalica pigs, organic,)
Bicskei Mezögazdasági Rt. Mr. Imre Hegedüs (dairy & beef; joint venture)
'Home for natural safety' (Mangalica & traditional beef, organic, family farm)
Translator
Laszlo Zsiros (Student Agricultural University)

A3.3 Retailers

CBA

The CBA chain, founded 11 years ago, is the Hungarian retail market's latest success story. Its retail format lies between a franchise system and a purchasing alliance and has focused on attracting and supporting small retailers. All outlet types feature a common logo and staff uniforms. Purchasing and marketing is conducted centrally; however, retailers remain independent and are free to decide on product range and opening times to suit local conditions.

The chain operates in the supermarket, convenience stores and discount sub-sectors, which in total accounted for 40% of its value sales. The remaining 60% came from independent retailers, which joined the CBA chain. CBA's convenience stores' presence is provided by operating retail outlets for Shell filling stations. CBA also operates the Cél chain of outlets, which includes micro-retailers.

The group's ownership is very fragmented, and the company is owned by the larger affiliated retailers and the founders, with no one's share exceeding 2%.

The company has already entered markets in Croatia and Romania, has a partnership agreement with a Slovakian retailer and is in negotiations with chains in Poland and Bosnia.

CBA's retail network comprises more than 2,500 outlets, owned by about 800 small and 20 medium size enterprises. The chain together employs more than 30,000 people and has 580 suppliers, mainly from Hungary. At the time of writing, the network did not want to take in more members, as the strategic goal is to strenghten existing ones.

CBA is Hungary's second largest retail network and is expected to take the first place as the network expands (however, it is not a priority for the company) and as small stores successfully compete with hypermarkets, maintaining their market share of about 8.2% of the total retail sales. The bulk of the company's sales is attributed to food, but – as the chain has rather diverse outlet types from small convenience stores to supermarkets – also includes cosmetics, disposable paper products, household care products and other goods.

CBA offers around 80 private label product lines – mainly basic foodstuff, the number of which the company wants to further increase. Next to the CBA branded products, the company has recently launched a new Hungarian brand, Magor (a pun on Magyar – Hungarian) which consists mainly of traditional Hungarian food products – paprika, wine, spirits as well as other products, for example, shampoo. The full Magor product line consists of more than 100 products from 16 suppliers.

The company has maintained double-digit growth since its founding and plans to increase its annual turnover by at least 10% plus inflation in the coming years. To achieve this, CBA is focusing on the following areas:

- Increasing quality: the company urges its members to upgrade their outlets. Also, CBA is completing the change to a unified brand and image under the slogan "CBA – The Everyday Solution" (CBA – a mindennapok megoldása) The company also has plans to introduce a loyalty card scheme for its customers as well as forming closer ties with some suppliers.
- Increasing efficiency: CBA is currently building a 38,000 sq m logistics centre in Alsónémedi, due for completion by the end of 2004. The company also wants to introduce a common data processing business platform based on SAP software.
- Diversification: Besides retailing, the company wants to expand vertically. CBA plans to establish its own transportation company to supply its stores, as well as providing the service to other companies. The company also wants to open an industrial park based on food processing to supply its network, as well as operating its own security company. Other longer-term plans include establishing a wholesale network for the hospitality industry.

Co-op

Co-op is an alliance of over 230 Hungarian co-operatives, comprising more than 4,600, predominantly small convenience stores across Hungary. The group is still the largest retail group in Hungary, thanks to the sheer number of outlets it operates.

Co-op is a loose group of Coop stores (branded either as Coop, Mini Coop or Maxi Coop), Adu cash-and-carry outlets, Iparcikk Pont hardware and electronics stores and 40 Coop supermarkets.

The Co-op group is one of the largest Hungarian retail company in terms of sales. The company is 100% Hungarian-owned, by several co-operatives around the country. The company is mainly active in the retail food sector. The integration of the Co-op group ensured that the co-operatives were able to survive and could stabilise their position in the market.

Co-op is a voluntary organisation, where individual retailers and co-operatives are joined together to purchase, market and organise themselves under a common fascia and organisation.

The company is an integrated wholesaler-retailer organisation, organised into four levels: the first level is that of the outlets, owned by either local co-operatives (the second level) or – lately – individual franchisees. The third level comprises the five wholesalers and distributors (called Pro-Coop or Füszért), which are organised regionally: Észak-Kelet Pro-Coop in northeast Hungary, Tisza-Pro-Coop in the east, Alföld Pro-Coop in the south, Mecsek Füszért in the southwest and Hétforrás Pro-Coop in the northwest region. The top level is Coop Hungary Rt. Itself, which coordinates the whole network.

The company has several outlet types under slightly different fascias: the smallest ones (under 200 sq m of sales area) are called Mini Coop, ones of 200–400 sq m are under the Coop fascia, the larger, 400–600 sq m are Maxi Coops, whilst the remaining largest outlets are called Super Coop. This segmentation comes from the fact that Co-op had a very wide but also very heterogeneous outlet network and the management realised that it was not possible to organise all these under one fascia and maintain the same level of service.

Co-op has started to develop private label products in 1999. In 2003, there were 285 such products sold in its network. This number grew significantly from about 60 products in 1999. In 2003, private label products represented more than 10% of Co-op's total turnover.

Tengelmann Group

The Tengelmann Group is a German-owned diversified retail conglomerate. It is active in several retail subsectors, such as discounters (130 Plus outlets), cash-and-carry (20 Interfruct outlets), DIY and hardware (the 13-strong Obi chain) and clothing, by representing the Marks & Spencer brand through Skála group's S-modell stores.

In 2003, Tengelmann Group was ranked third among retail conglomerates, with total sales of HuF 344 250 million.

Tesco

The most dynamic growth among Hungarian retailers was shown by the Tesco group's Hungarian subsidiary, Tesco Globál Áruházak Rt. Tesco in Hungary is active in supermarkets and hypermarkets. It is also the best-known retail brand in the country, thanks to very aggressive marketing and dynamic growth in terms of opening new outlets. Tesco currently covers 17 of Hungary's 19 counties and Budapest with 58 outlets.

Since its market entry into Hungary, Tesco aspired to be the leading hypermarket chain, a position which it has reached within just a few years with aggressive expansion and marketing. The bulk of its turnover (about 65%) is from food and fmcg products. The company's total market share in that market was 12.21% in 2002 and is expected to grow to approximately 13.7% by the end of 2003.

Tesco operates 33 hypermarkets (ranging from 5,000 sq m to 15,000 sq m) in Hungary – as at December, 2003 – each offering between 35 000 and 55 000 products. According to the company's plans, nine more hypermarkets will be opened during 2004. The company also has 25 supermarkets supplementing its hypermarket network.

On the Hungarian market, Tesco has ignited a price war by its efforts to cut prices constantly to be more attractive to customers. As Paul House reported at the company's annual Suppliers Business Conference in 2003, "Our strategy is to continually become cheaper for our customers". The company presently has about 1,000 private label Tesco Gazdaságos (Tesco Value) and Tesco branded products, 90% of which are sourced from within Hungary.

Tesco is also looking at establishing filling stations near Tesco stores to further increase turnover and lure in more customers. Tesco was also first in introducing private label products under the "Tesco Gazdaságos" (Tesco Value) brand.

According to Tesco executives, the chain serves at least 1.5 million customers each week while its hypermarkets offer between 35 000 and 55 000 products.

Metro

The Metro group consists of Metro cash-and-carry outlets, Media Markt electronics stores and the Praktiker DIY chain. In terms of food retail the main Metro fascia operates as a cash-and-carry format with customer registration, first aimed at entrepreneurs but in the last few years accessible to all.

Established joint sourcing/buying company with Spar – to form Metspa – to become the largest purchaser of Hungarian produce

Spar

Main supermarket player. Instead of competing directly with the hypermarkets, Spar positions its outlets in central areas of every city, despite the rising prices of such properties. The company's aim is to win those customers who cannot or do not want to visit hypermarkets, located at the city's outskirts.

Besides having a wider selection of goods, Spar also wants to run more promotions in the future, which is especially important due to the entry of the Lidl hard-discount chain to Hungary. The company offerrs more than 250 private label products and wants to introduce at least 100 more in the near future. These brands account for 40–45% market share in their respective segments.

Louis Delhaize Group

The French Louis Delhaize group is active in supermarkets, hypermarkets, discounters and convenience stores. The group had laid the foundations of its Hungarian business first by opening the first Cora hypermarket in 1996 and by acquiring the Csemege chain in 1999.

Despite its broad range of well-placed outlets (before the 1990s, Csemege outlets were the most popular and almost only convenience stores in Hungary), the group's financial performance was not so spectacular, mainly due to the poorly performing Match/Smatch supermarket/convenience store chain. Euromonitor explain this poor market performance in terms of risky (high) pricing and lack of modern, loyalty enhancing attributes.

In order to put the company on a path to growth, it established a joint purchasing organisation Provera and now plans to merge its subsidiaries. The company also tried to cut costs in the Match chain, which negatively impacted store visits.

A3.4 Questionnaires to Key Informants and Farmers

Questionnaire for Interviews with Key Informants

Livestock production

1. How is the structure of the livestock (pig/ poultry/ cattle) sectors in Hungary? Are there mainly specialised farms? Or mainly mixed farms with several types of

livestock or combining livestock and arable crops? Is there a dominant combination in Hungary? What is the ratio between specialised and mixed farm types? Are livestock farms mainly private ventures or mainly cooperative ones? There used to be large state operated or cooperative farms in Hungary, has this changed? And in what way? What is the ratio between private and cooperative operating farms?

2. How are the production chains for the pig/poultry/cattle sectors of Hungary organised from farm to fork, especially the link from farms to processing industry? Are farmers free to deliver their animals or animal products to traders or slaughterhouses or processing industry or do farmers work with contracts with the processing industry? Does this vary per livestock sector? Is the production chain from farm to fork for organic livestock production organised in the same way or are there differences?
3. Since the transition of Hungary to an EU member state, what are the main current developments in Hungarian livestock production?

Animal welfare

1. Does Hungarian legislation for animal welfare surpass the standards of the EU legislation for animal welfare? If so, on what subjects?
2. Are the farmers informed of the EU legislation about animal welfare? If so, how are they informed?
3. Is there attention for animal welfare in Hungarian society? Is animal welfare a consumer concern in Hungary?
4. Are there animal protection organisations active for animal welfare on farms in Hungary? How do they operate? Do animal welfare campaigners have access to policy makers and do they influence public opinion on animal welfare for farm animals?

Quality assurance

1. Hungary has started to work with farm quality assurance schemes. Are farm quality assurance schemes available for livestock sectors pig/poultry/cattle in Hungary? Does every livestock sector have quality assurance schemes? Which schemes exist per sector?
2. What aspects of quality are assured through these schemes? Are there schemes that include standards for animal welfare? Do these standards surpass Hungarian legislation for animal welfare?
3. Do the schemes cover national production in Hungary or are they regionally based? Are the schemes organised/initiated by the sector, processing industry, retail or the government? Are farmers obliged to participate in these schemes or how are farmers motivated to participate in quality assurance schemes?
4. How is the quality guaranteed? Who controls the farmers and how often?

Questionnaires for Interviews with Farmers

General information about the farmer

1. Age of the farmer.
2. Education of the farmer.

General information about the farm

3. The farm size (hectares, amount of animals, production, family labour or external labour force, total time spent on labour (for example: on man full time (40 hours/week), two men full time)
4. Production type (breeding, fattening, dairy, eggs etc. Conventional or organic production method or something else?)
5. Where does the farm sell its products? (Translator: Only translate the question in Hungarian, try not to influence the farmer's answer, but things that we are looking for with this question are for example: On the free-market, to family members, farm is self supporting, farmers has a contract with a slaughterhouse or dairy factory, farmers sells to slaughterhouse or dairy factory without contracts, products are exported to EU/Russia/Other countries)
6. How does the farmers see his future, what are his plans with his farm? (Translator: Only translate the question in Hungarian, try not to influence the farmer's answer, but things that we are looking for with this question are for example: To maintain what he has, to expand, to stop farming, the farmers does not really have a plan, something else).

Animal welfare on the farm

7. How can the farmer see if his animals are fine/feeling well, and how does he see when animals are not fine/feeling well, what does he look for to 'measure' this? Translator: Only translate the question in Hungarian, try not to influence the farmer's answer, but things that we are looking for with this question are for example: A shiny or rough coat/fur, the posture of the animal, if the animal is calm or not or lively or not, if the animal grows well, eats well or something else)
8. What does an animal need to feel fine? Translator: Only translate the question in Hungarian, try not to influence the farmer's answer, but things that we are looking for with this question are for example: Enough and good food and water, a safe place, space to move, straw, to go outside, to be healthy or something else)
9. How does the farmer give the animal what its needs?
10. Can the farmer rank the following six aspects of animal welfare according to importance and explain his choice.
    - The animal has no hunger, thirst or has to eat bad food (no malnutrition).
    - The animal does not suffer from pain, disease or injuries.
    - The animal does not suffer from fear or (chronicle) stress.
    - The animal enjoys physical comfort and safety.

- The animal can express natural behaviour (is free to root, to walk outside, run, play, to dust bathe (in case of poultry) or take mud baths (in case of pigs), to have social contacts with other animals).
- There is a good relationship between the farmer and his animals (the farmer is sympathetic towards his animals and handles the animals in a good, calm way).

Translator: The farmer can rank the six items from 1 to 6, 1 being most important 6 being least important. If it is difficult for the farmer to choose, he is allowed to say which 2 or 3 items he considers to be most important and which one or two items he thinks are less important and why. Perhaps it is best to translate this list to Hungarian so we can show it to the farmer to enable him to make his choice.

11. Is the feeling or the living conditions of the animals something that is important on the farm or not? Or does it have certain limits? If so, what is limiting then? Translator: Only translate the question in Hungarian, try not to influence the farmer's answer, but things that we are looking for with this question are for example: It is a matter of economics, investment for the animals have to be earned back. Or: Some provisions that are good for the feeling of the animal are bad for the health of the animal or for food safety (for instance, rooting and mud baths exposes pigs to parasites). Or: Yes, because when my animals are feeling good, grow faster, give more milk/eggs, they produce better.

Animal welfare legislation

12. Are you aware of the EU legislation about animal housing and animal handling? (Yes/No)
13. How did you get information about legislation? (Government, controlling bodies, agricultural industry, newspaper, agricultural magazines, I didn't get information)
14. Are there things in the EU legislation about animal housing, animal transport, or animal handling that the farmer finds illogical, not practical or difficult to implement on the farm? What are these things and why are they illogical, not practical or difficult to implement for the farmer?
15. Has it been difficult for the farmer to switch over to the EU regulations for animal housing, animal handling and food quality/safety standards? (In this question a new subject is introduced: food quality/safety)

Market and society

16. Does the market that the farmer produces for demand certain quality guarantees? If so, what sort of quality demands has the farmer to comply with?
17. Is the farmer a member of a certain quality assurance scheme to guarantee the quality of his products? If yes, was it difficult for the farmer to enter this scheme, did the farmer have to invest in his farm to meet the scheme standards? If no, is the farmer familiar with quality assurance schemes? If so, why doesn't he participate in one?

18. Is the well-being of animals an issue for the market the farmer produces for or for the quality scheme the farmer participates in? If so, what sort or demands for the well-being of the animals are made?
19. Does the farmer think that the well-being of animals is an issue in the Hungarian society in general?

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Science and society improving animal welfare

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