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AGRI VISION 2003

**Presentation by Peter Stevenson of Compassion in World Farming
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CONTRAST BETWEEN CITIZENS WHO SAY THEY WANT GOOD WELFARE AND CONSUMERS WHO SOME ARGUE ARE UNWILLING TO PAY FOR IT

1. Willingness to pay extra for higher welfare

Consumers are more willing than is often thought to be the case to pay extra for better welfare produce. For example, in a UK supermarket survey carried out in 2001 by Compassion in World Farming (CIWF) Trust, 5 supermarkets reported that 50% or more of their egg sales were non-cage eggs, i.e. free-range, barn or organic.

2. Clear information, such as better labelling

More consumers would be more likely to buy higher welfare produce if they were given clear information on farming methods.

There is a pressing need for improved labelling. At present, labelling is either non-existent, unclear, so small as to pass unnoticed or misleading, sometimes deliberately so.

Supermarkets and food manufacturers must commit to clear, prominently-displayed labelling.

They should also explore other ways of giving clear information to consumers. For example, they could place photos (or videos) by the shelves showing the contrasting conditions in which factory farmed and free-range pigs or chickens are kept.

3. Need for public information

The need to inform the public goes further than making information available by the supermarket shelf.

For several decades, the food industry has encouraged consumers to value the *cheapness* of food above almost all else. Indeed, over the last 50 years the food industry has spent enormous sums on advertising to create a 'food culture' in which the ready availability of plentiful amounts of cheap food is taken as the norm – and no part of this culture invites us to think about how this low-cost abundance is achieved.

The opposite approach should now be taken. Money and energy must now be spent in creating a new food culture in which, among other factors, the humane treatment of animals is thought of as important.

4. Cost of using higher welfare systems is often exaggerated

It is widely assumed that changing from factory farming to more humane systems will involve much higher production costs for farmers, and a significant increase in retail food prices for consumers. This assumption is misleading and is not borne out by the industry's own economic data.

Changing to a higher welfare system often adds surprisingly little to on-farm production costs. Indeed, improved welfare often leads to healthier animals and so in some cases, for example, with finishing pigs, to lower costs (reduced expenditure on veterinary medicines and lower mortality rates) and higher productivity in terms of improved growth rates and better feed conversion ratios.

Industry figures show that a free-range egg costs just 2 eurocents more to produce than a battery egg. EU consumers eat on average 223 eggs per person per year; this figure includes the eggs used in processed foods, etc., (Poultry World, 2002).

On the basis of these figures, we could change from battery to free-range eggs for just €4.46 per person per year (that is less than 9 eurocents each a week), provided that retailers charged no more extra for free-range eggs than is needed to cover their additional production costs. Similarly, changing from battery to barn eggs would add just €1 to each person's annual expenditure on eggs (that is 2 eurocents each a week), subject to the proviso in the previous sentence about retailers' prices.

The cost of changing from sow stalls (sometimes referred to as “gestation crates”) to group housing has often been exaggerated. In fact, in their 2001 report, the European Commission pointed out that, as regards investment, some forms of group housing are cheaper than sow stalls. The Commission added that overall pig production costs (i.e. including both building and running costs) are also lower in some group housing systems than with sow stalls.

Figures from France (Institut Technique du Porc), the Netherlands (Rosmalen Institute) and the UK (MLC) all show that even in the better group housing systems – ones giving reasonable space and ample straw – a kg. of pigmeat costs less than 3 eurocents extra to produce than in sow stalls. On average, EU consumers each eat 41 kg. of pigmeat per year. This means that changing from sow stalls to group housing adds just over €1 to each person’s annual food bill.

It is clear from the above that in some cases improved welfare leads to only a small increase in production costs, and that in other cases improved welfare can actually lead to reduced production costs. Moreover, non-welfare factors can have a greater impact on on-farm production costs than welfare. The MLC reported in 1999 that the cost of feed varied between the major pig producing countries of Europe by 20 eurocents per kg. of pig produced, and the environmental costs varied by 11 eurocents per kg. Clearly, these factors have much more impact on pig production costs than which sow housing system is used; as seen earlier, even the better group housing systems add less than 3 eurocents to the cost of producing a kg of pigmeat as compared with sow stalls.

Not only are welfare costs only one component contributing to overall on-farm production costs, but on-farm production costs are only one element contributing to retail prices. Accordingly, any increase in on-farm production costs arising from the use of an improved welfare system will have a proportionately smaller impact on retail prices. For example, a 5% rise in on-farm production costs will lead to a significantly lower than 5% increase in the retail price. This is because, as indicated above, on-farm costs are only one of a range of factors which determine the retail price. Distribution and marketing are also significant components of the final price. Thus, for example, a rise in the price of petrol may well have more impact on the retail price of pork than whether sows are kept in stalls or groups.

When we turn to ready-made meals or other processed food, an increase in production costs due to improved welfare will have even less impact on the retail price. The meat in a particular meal may account for just 20% of its production costs. So a 5% welfare-related increase in the meat’s production costs would add only 1% to the meal’s overall cost.

5. Consumers expect retailers to take responsibility for setting standards

I am now coming to one of my most important points. Consumers assume retailers are taking responsibility for achieving certain minimum standards. It doesn't occur to consumers that some of what is on offer on supermarket shelves comes from animals reared in inhumane systems. As they enter the shop, they do not realise they have to pay extra to avoid meat or eggs coming from animals that have been farmed inhumanely. They assume that all the food on sale reaches certain humane standards.

As citizens, the European public regularly make it clear – through letters to Members of the European Parliament and the European Commission and through opinion polls – that they want to see high standards of animal welfare.

As consumers, we have to be able to trust that retailers are meeting those standards. We cannot be experts on each item we buy. For example, if we buy a car, even if it is a cheap one, we must be able to assume that it reaches certain safety standards.

As regards food, we trust that supermarkets, chain restaurants, and food manufacturers are adopting socially responsible practices and only selling or using food which has been produced humanely.

6. Supermarkets wish to be able to offer a choice

Supermarkets and caterers should, of course, be able to offer a choice to consumers, but that choice should not include food which has been produced in a cruel manner.

Some food emanates from such low welfare farming and slaughter methods that it cannot form a legitimate component of the range of choices offered to consumers.

7. Some corporate consumers have already set good welfare standards

The fact that it is practicable to set good welfare standards in a commercially competitive environment is highlighted by the fact that some retailers and chain restaurants have already done so.

In the UK, Marks & Spencer only sell free-range eggs and only use free-range eggs in their processed products and ready-made meals. The supermarket, Waitrose, only sells non-cage eggs.

In the Netherlands, the supermarket Albert Heijn refuses to sell battery eggs.

Turning to the fast food caterers, McDonalds in the UK only use free-range eggs and that applies both to their shell eggs and the eggs they use in cakes, sauces, etc. Moreover, McDonalds UK will only use pigmeat from herds where sow stalls and sow tethers are not used.

If McDonalds, with their broad consumer base, can take this positive approach, it should be possible for all the chain restaurants – and indeed the food manufacturers – to adopt a similar policy.

Turning to the US, McDonalds have set certain welfare standards for their egg suppliers and have insisted on improved welfare at slaughter. Some of the other US fast-food caterers have also adopted certain welfare standards. Moreover, welfare standards have also recently been set in the US by the Food Marketing Institute and the National Council of Chain Restaurants, trade organisations which represent the food retail and restaurant industries. While these standards do not go far enough, they nonetheless represent an important start.

8. EU corporate consumers

EU supermarkets, food manufacturers and fast-food caterers have a very specific role to play in supporting EU welfare standards. They can do this by only sourcing meat, eggs and dairy products produced to EU welfare standards. I am not suggesting that they should not import, but when they do so they should not import produce derived from animals reared in ways which are illegal in the EU.

9. Concluding remarks

The consumers who arguably are the most powerful and influential are not individuals, but the corporate consumers – the supermarkets, the food manufacturers and the big caterers. If they adopted good welfare standards – and paid farmers a fair price for produce which reaches those standards – we could fairly readily move from factory farming to more humane systems.

I have three main conclusions:

- ?? Consumers would be much more willing to pay extra for good welfare if they had clear information as to how animals are treated in modern industrial systems.

- ?? The cost of changing to more humane systems is often surprisingly low; industry and consumers must let go of the inaccurate notion that moving away from factory farming would lead to a huge rise in costs and so also in prices.

- ?? Consumers have to be able to trust that retailers are adopting socially responsible practices and only selling food which has been produced humanely.

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