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to: Mr Javier SOLANA, Secretary-General/High Representative

Subject: Report from the Commission to the European Parliament, the Council, the
European Economic and Social Committee and the Committee of the Regions
- Options for animal welfare labelling and the establishment of a European
Network of Reference Centres for the protection and welfare of animals

Delegations will find attached Commission document COM(2009) 584 final.

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COMMISSION OF THE EUROPEAN COMMUNITIES

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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

**Options for animal welfare labelling and the establishment of a European Network of
Reference Centres for the protection and welfare of animals**

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INTRODUCTION

The debate on how to improve the communication to consumers on animal welfare in livestock production has been running in the EU for several years, at least since the adoption in 2002 of the Community report on *"Animal welfare legislation on farmed animals in Third Countries and the implications for the EU"*.

The conference *"Animal Welfare – Improving by Labelling?"* (Brussels, 28/03/2007), organised by the European Economic and Social Committee, the European Commission and the German Presidency of the Council enabled a first broad discussion to take place with representatives of all stakeholder groups. Following the conference the Council of Ministers adopted in May 2007 conclusions on Animal Welfare Labelling, inviting the Commission to present a report in order to allow an in-depth debate on the issue.

Therefore the Commission invited an external contractor to carry out a **feasibility study**¹ together with a wide stakeholder consultation in order to assess the issue further and collect the largest number of contributions on this issue from stakeholders in the EU and outside. The study concluded in January 2009.

The first Community Action Plan on the Protection and Welfare of Animals 2006-2010² defines the direction of the Community policies and the related activities for the coming years to continue to promote high animal welfare standards in the EU and internationally, considering the business opportunities which animal welfare offers to producers while respecting the ethical and cultural dimension of the issue. Organic farming and voluntary schemes like "Label Rouge" or "Freedom Food" are clear examples of such business opportunities.

A specific "information platform on animal welfare", established within the 7th EU Framework Programme and aiming at facilitating the dialogue and exchange of experiences between stakeholders, is a key element for the implementation of the Action Plan.³ Improved information to consumers offers the prospect of a virtuous cycle where consumers create a demand for food products sourced in a more animal welfare friendly manner which is transmitted through the supply chain back to the primary producer, who may be able to receive a premium price for their product and thus recoup a portion of any associated higher production costs. Since improved animal welfare often results in higher production there are many possibilities for producers to have a win-win situation with this system. Indeed, dialogue between animal welfare organisations, governmental authorities, politicians, producers, retailers and consumers can help increase awareness and produce improvements in farming practices, consumer choice and legislation.

Both the feasibility study and the views expressed by stakeholders support integrating the different policy areas related to animal protection. In relation to animal protection, wide areas of work like the establishment of communication strategies to citizens on the value of products with higher animal welfare standards or the development of European strategic

¹ The complete study including conclusions can be found at the following web address:

http://ec.europa.eu/food/animal/welfare/farm/labelling_en.htm

² http://ec.europa.eu/food/animal/welfare/actionplan/actionplan_de.htm

³ <http://www.animalwelfareplatform.eu>

investments in the area of research were perceived as appropriate areas for proper European coordination.

The overall goal of policy in this area is to make it easier for consumers to identify and choose welfare-friendly products and thereby give an economic incentive to producers to improve the welfare of animals.

1. BACKGROUND AND GENERAL OBJECTIVES

The results of the feasibility study showed the need for deepening the discussion on how to improve information on animal welfare and fine-tune the most appropriate tools. With this report, the Commission seeks to facilitate a political discussion, notably with the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, in light of the feasibility study. The methodology followed in preparing this report is in line with the approach taken by the Commission in its general agricultural quality policy.

This report argues that the EU's policy on information about animal welfare in livestock production should in future give EU farmers the policy support they need to win the quality battle – in other words, to deliver the qualities and communicate what they do well that consumers are looking for, and to win premiums in return.

Issues examined in this report are:

- to what extent the current instruments, legal framework and measures that affect the information on animal welfare quality of EU husbandry products are achieving this goal;
- if and how they could be improved to achieve this goal better; and
- what new mechanisms are needed (if any) to help achieve this goal.

The outcome of the political debate on this report will also be considered in the framework of the evaluation of animal welfare Community policy that is ongoing in the Commission and will continue in 2010.

2. HOW TO INCREASE AWARENESS AND TRANSPARENCY WITH REGARD TO ANIMAL WELFARE

Animal husbandry in the EU has a reputation for its high animal welfare standards. Legislation on animal welfare in the EU has a longstanding tradition and the first Community legislation was adopted in 1974. The present Community legislation on animal welfare contains the minimum standards all producers are bound to respect. Where higher animal welfare standards are applied producers have to find ways to obtain a price for their produce which corresponds to the added value this gives to the products and compensates them for the investments made. One possibility is to follow the approach of organic production that on the basis of a specific European

action plan⁴ highlighted the importance of market driven policies. Voluntary communication on the product's animal welfare characteristics (e.g. Freedom Food) represents another complementary way to stimulate consumer interest.

Both the analysis of the outcome of two Eurobarometer surveys⁵ and the feasibility study⁶ on animal welfare labelling suggest that animal welfare labelling, based on sound scientific knowledge and assessed on the basis of harmonised requirements, could enable consumers to make informed purchasing decisions and make it possible for producers to benefit from market opportunities.

It is important to consider how the requirements and standards met by farmers, that today go beyond the minimum animal welfare standards provided in the European legislation, could be made better known in the EU and outside. A further issue for discussion is whether this objective is best achieved by labelling (based on public or private standards), public information campaigns or a combination of different tools.

3. ANIMAL WELFARE AND ITS ASSOCIATION WITH OTHER QUALITY CHARACTERISTICS

The feasibility study examined several quality labels like Label Rouge, Freedom Food and Neuland, and additional independent European studies are ongoing in this area (Welfare Quality⁷; EconWelfare⁸; Q-PorkChains⁹; EAWP¹⁰). Organic farming is already associated by consumers with higher animal welfare standards throughout the EU and outside. Furthermore, organic is easily identified by consumers thanks to the EU logo, which will be renewed and become compulsory by 1 July 2010.

Both the marketing strategies for the labels and the studies are highlighting that a significant proportion of citizens wish to be informed not just about the "physical qualities", such as the contents of desired and undesired ingredients, but also about other qualities of the food they buy, which include the ethical factors related to production and the way animals are treated.¹¹

⁴ European Action plan for organic food and farming COM(2004)415 final

⁵ Eurobarometer surveys 2005 and 2006: http://ec.europa.eu/food/animal/welfare/survey/index_en.htm

⁶ Key conclusion from the "Feasibility study on animal welfare labelling and establishing a Community Reference Centre for Animal Protection and Welfare" submitted by *Food Chain Evaluation Consortium* and published together with this report (hereafter referred to as "the feasibility study"): "*There is a broad consensus among stakeholders that there are a multitude of current problems regarding animal welfare related information on products of animal origin. Two areas are frequently indicated by relevant stakeholder organisations: Problems with animal welfare standards/claims, and a lack of consumer awareness and understanding of logos/labels. Hardly any of the respondents to an EU-wide survey of stakeholder organisations perceived that there are no relevant problems.*"

⁷ Welfare Quality®: Science and society improving animal welfare in the food quality chain – EU funded project (<http://www.welfarequality.net>).

⁸ EconWelfare: Good animal welfare in a socio-economic context: Project to promote insight on the impact for the animal, the production chain and European society of upgrading animal welfare standards – EU funded project (<http://www.econwelfare.eu>).

⁹ Q-PorkChains: Improving the quality of pork for the consumers – EU funded project (<http://www.q-porkchains.org>).

¹⁰ EAWP: European Animal Welfare Platform: Progressing animal welfare through the food chain – EU funded project (<http://www.animalwelfareplatform.eu>)

¹¹ Welfare Quality®: Science and society improving animal welfare in the food quality chain – EU funded project (<http://www.welfarequality.net>).

From the consumers' perspective, animal welfare is a typical credence attribute. This means that consumers in many cases are not able today to verify themselves the actual level of animal welfare when such claims are made. However, in relation to the totality of the food market of the EU such products still only represent a small segment of it. The surveys indicate that this might reflect a lack of information and market transparency.

In the EU there are no harmonized requirements for the labelling of animal welfare standards or how to assess them. Certain stakeholders supported the principle that the more private animal welfare labels are present on the retailing market, the more we need to determine a methodology to assess and compare animal welfare standards.

This raises the question of whether there are any pressing issues raised by the multiplication of private welfare labelling schemes at national level which would justify the creation of an EU level scheme. Clearly any such EU scheme, which could avoid segmentation of the internal market as well as facilitating intra-Community trade, would need to demonstrate that it can add value both to existing private schemes and to the organic regulation¹² without harming them.

Although the majority of consumers are price-sensitive, the results of several surveys in the last years have revealed the existence of groups of consumers who are interested in buying products with specific qualities and characteristics including animal welfare attributes. In many Member States this quality-seeking consumer segment is generating market opportunities for products with higher animal welfare standards, as stand-alone quality criteria or together with other above-average characteristics. One particularly relevant example is the organic food market, where the EU harmonisation has opened the door to new consumer segment: the organic farming logo offers consumers' confidence about the origins and qualities of their food and drink and its presence on any product ensures compliance with the EU organic farming Regulation, which provides assurance for higher animal welfare standards through effective inspection and certification throughout the EU.

Some existing labelling schemes address animal welfare requirements alongside other quality standards, such as organic farming or environmental protection. For this reason, the added value of a possible EU animal welfare labelling scheme in view of existing schemes will need to be carefully considered, as well as how to avoid any possible overlap.

4. CONSUMER INFORMATION AND MARKETING STRATEGIES

The introduction of "reserved terms" is a way to inform buyers and consumers about product characteristics and farming attributes. Mandatory or voluntary requirements for the use of animal welfare "reserved terms" based on farming methods or standardised welfare indicators would require the elaboration of specific European standards and would need to cover relevant species and products with a general framework.

¹² Council Regulation n° 834/2007 and its implementing rules: Commission Regulation n° 889/2008

An example of existing mandatory use of "reserved terms" in the EU is the marketing standards on table eggs. The egg marketing legislation obliges to label the shell-eggs with the farming system under which they have been obtained. There are four permitted production system labels: eggs from caged hens, barn eggs, free-range eggs and organic eggs; the requirements for these production systems are laid down in legislation, and the label indications give consumers information that they may interpret as an indicator of animal welfare, and use this when purchasing eggs. Since the implementation of the legislation, the percentage of non-caged egg production has increased significantly in nearly all Member States. The egg marketing legislation is likely to have played a role in enabling consumers to shift from buying shell eggs from caged hens to eggs produced in alternative systems under the assumption that non-caged egg production systems confer higher animal welfare. In addition examples of existing optional "reserved terms" are laid down in the marketing standards on poultry meat, where farming method indications are precisely defined and farmers must comply with specifications laid down to use the "reserved terms".

It will be important to weigh the advantages and disadvantages of laying down definitions of optional or mandatory "reserved terms" in marketing standards at EU level in relation to systems of farming that indicate certain levels of animal welfare, in particular when going above the minimum standards provided in the legislation.

5. INFORMATION AND EDUCATION CAMPAIGNS

It is known that in addition to price, consumers' purchasing decisions are influenced by a large number of interpersonal (culture, societal norms, social status, group and family influences) and intrapersonal (involvement, emotions, motives, attitudes, norms, personality) determinants. In principle, more information provided by labels should allow consumers to make more informed choices. Unless they have reliable knowledge about the added-value of animal welfare-friendly products, they cannot be expected to pay a price that reflects the higher product quality.

The feasibility study shows that labelling is mainly likely to have the desired effects if consumers are a) adequately informed on the meaning of the label; b) the information provided is readily understandable; and c) consumers (or relevant sub-groups) are in principle interested to have this information available for their purchasing decisions. According to Eurobarometer data, this is the case for products sourced from animal welfare-friendly production systems.

The results of the feasibility study show that animal welfare labelling may raise consumer awareness and accelerate market penetration of animal welfare-friendly products that go beyond the minimum standards foreseen in EU legislation. This was one of the main goals for several stakeholders. As a consequence the development of new animal welfare practices would be more motivated by market demand. Additional specific communication initiatives would contribute further to raise awareness among citizens, operators and producers on animal welfare issues. It was pointed out by stakeholders that communication has to be based on a solid scientific background.

Consumers' information and education activities have been developed recently to raise awareness on the farming of animals and on the origin of livestock products. These communication activities have been welcomed by stakeholders and have been proven useful to increase the appreciation of general public for the initiatives on animal welfare undertaken both at European and national level. At the same time the visibility of EU policies in this area increased with major trading partners.

An important issue for further discussion is the role which public information campaigns could play in raising the awareness of European consumers on animal welfare and increasing the market share of welfare friendly products. Successful examples of EU level communication on animal welfare include the "Farmland" web site for children and the online toolbox which forms part of the recent organic farming promotional campaign.¹³ In addition, it should also be considered if information campaigns and education programmes on animal welfare should be developed and organised at EU and/or at Member State level.

6. INTERNATIONAL DIMENSION

Based on the analyses made by the Commission voluntary labelling schemes are permitted under WTO law provided that they are proportionate and open to third country producers, while mandatory labelling would face more controversy in the WTO framework. The discussion on trade implications of policy responses to societal concerns such as animal welfare is pertinent to current developments at international level. WTO, OECD, OIE and CODEX are currently debating issues related to private and public standards and their effects on trade and market access for developing countries.

The impact of voluntary certification based on harmonised requirements for animal welfare for importing into the EU would probably be positive for countries already considering sustainable forms of animal production and for production derived from less intensive forms of animal keeping. Harmonisation would allow better market access and long-term planning for investments.

In view of the EU's international trade obligations it will be important to consider modalities ensuring that a non-EU product which complies with EU production requirements is eligible to use any EU quality scheme, and that the latter meets the EU's WTO commitments. It will be important to consider the implications of any such scheme for third countries, with a special focus on developing country partners and their ability to adapt.

7. DIFFERENT STANDARDS AND THEIR COMPARISON

Surveys show that a majority of European consumers said that they lack information on the level of animal welfare provided in the production of the goods they buy. This is why the Community Action Plan on the Protection and Welfare of Animals 2006-2010 suggests the development of standardised animal welfare indicators, in order to

¹³ <http://www.farmland-thegame.eu>
http://ec.europa.eu/agriculture/organic/animal-welfare_en

provide for a science-based tool to make animal welfare measurable, more enforceable and easier to communicate to people. The "Welfare Quality" project intends to serve as a basis for the elaboration of animal based scientific indicators. This could lead to a system based not on production method, but on animal-based outcomes to classify animal welfare which could be useful to provide consumers with transparent and reliable information. In this context, several stakeholders have highlighted that a European network of reference centres (ENRC) for the protection and welfare of animals could constitute a concrete option to provide technical support for the further development of the system.

The further development of a measuring instrument or scale that allows comparison of animal welfare standards across species, farming systems and supply chain stages is a current trend in markets around the world and at the core of scientific research. The assessment of animal welfare at all relevant stages of the value chain (mainly farming, transport and slaughter) is at the heart of each animal welfare labelling system. The feasibility study revealed that the validity and reliability of most indicators is often disputed. Comprehensive indicators suggested so far, such as "biological response to stress", have been criticised (in particular by scientists and producers) as being difficult to measure.

Some stakeholders however take the view that the scientific and transparent validation of farming systems would make it easier for producers to communicate higher animal welfare standards to the public. The question is whether such validation should take place at European level, and if so how.

8. TRANSPARENCY AND SCIENTIFIC RESEARCH ON ANIMAL WELFARE

According to the stakeholder consultation, wide areas of work like the establishment of communication strategies to citizens on the value of products with higher animal welfare standards or the development of European strategic investments in the area of research are appropriate areas for proper European coordination.

Furthermore, the 2006 Community Action Plan on Animal Welfare had already foreseen that the management, upgrading and diffusion of the animal welfare standards as well as the preparation of relevant socio-economic studies and impact assessments could become more efficient with a coordinated European approach. As a consequence, several stakeholders have reflected on the possibility of better coordinating and using expertise at European level to serve policy making in this area.

In the EU a small core of relevant institutions working in the area of animal welfare already exists, such as the European Food Safety Authority (EFSA), the Joint Research Centre (JRC) and national reference laboratories. However, currently their mandate does not cover all areas of expertise needed and in particular the function of coordinating animal welfare issues at EU level as pointed out by different stakeholders.

In addition, the European scientific community is concluding five years of close cooperation in the framework of the "Welfare Quality" project. Scientists consulted have urged on several occasions the importance to give priority to the establishment

of a permanent European network. Furthermore, several international trade partners of the EU¹⁴ both in the area of science and economy have also called for the collaborative network approach exemplified by “Welfare Quality” to be sustained. In addition, main stakeholders perceived the need for an independent source of information at EU level and the current risk of duplication of activities.

Against this backdrop, the feasibility study analysed the different models of network of reference and their related costs. As a preferred option it concludes that a European Network of Reference Centres (ENRC), which could provide technical support for the development and implementation of animal welfare policies, including regarding certification and labelling, should be based on a central coordination institute that cooperates with a network of relevant research institutions in the Member States – all recognised by the Community. This is a well-tried method in the food chain area, where Community Reference Laboratories coordinate networks of National Reference Laboratories.¹⁵ Possible sub-tasks conducted by network partners could include: conducting studies and impact assessments, implementing targeted research on animal welfare issues with Community relevance, conducting education and dissemination activities, etc.

It will be necessary to consider whether the advantages, including in respect of administrative burden, would outweigh the disadvantages of developing a European network of national reference centres to validate scientifically welfare standards adopted on voluntary bases and contribute to the development of a variety of animal welfare policies. One option would be to use as a reference the existing model of Community Reference Laboratories for animal health. Community reference laboratories are funded by the so called "veterinary fund" (Council Decision 2009/470/EC) for providing certain defined services and coordinating national reference laboratories in the interest of the Community.

9. CONCLUSION

This report has presented a range of issues concerning animal welfare labelling and communication, and the possible establishment of a European Network of Reference Centres for the protection and welfare of animals, based on the results of the external study provided to the Commission in January 2009. The purpose of the report is to enable the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions to undertake the in-depth discussion of animal welfare labelling called for by the Council. This inter-institutional discussion will provide the basis for the Commission's reflections in shaping possible future policy options¹⁶. Any concrete proposals resulting from the political debate will be subject to further thorough impact assessment.

¹⁴ Partners of “Welfare Quality”: <http://www.welfarequality.net/everyone/26562/7/0/22>.

¹⁵ An external evaluation of the CRL system has been carried out for the Commission and will be concluded by the end of 2009.

¹⁶ See also the impact assessment report accompanying this report (COM(2009)xxxx).