



## ICFAW POSITION ON PRIVATE STANDARDS

### Introduction

At its 2008 Plenary the OIE received two presentations on the issue of private standards. It also subsequently adopted a Resolution on this issue which asked the Director General of OIE to work with all parties on private standards and ensure that any private standards do not conflict with those of the OIE.

ICFAW spoke during the debate in the Plenary as its members have extensive experience with assurance schemes, the WTO and raising standards in both developed and developing countries on farm animal welfare.

For instance, the RSPCA sets the standards for Freedom Food, the only higher welfare assurance scheme in Europe which operates mainly in the UK but also has operations in Spain. Freedom Food currently provides over 40% of the shell egg market in the UK, 17% of the chicken market and 30% of the pig market. As a private standard scheme it has not only raised animal welfare standards in the UK farming industry over the twelve years of operation, but it also provides advice and standards to governments in developing countries.

ICFAW is strongly in support of science-based private standards. Indeed we believe that they are an integral mechanism to improve the welfare of animals in developing and developed countries. To that end, ICFAW members encourage private companies and institutions to adopt animal welfare standards and/or purchasing policies that go beyond welfare requirements put forth in legislation and indeed OIE standards.

This paper responds to the Resolution by giving detailed information on the need for both OIE and private standards to best improve the welfare of farmed animals.

### Differences between private standards on animal health and animal welfare

ICFAW believes that there are significant differences between the issues raised by private standards on animal health and animal welfare. The Coalition agrees that on animal health issues, where there are clear mandated disease guidelines set by OIE and clear implication of avoiding such standards, private standards should abide by OIE's animal health standards.

Differences exist, however, on private standards on the health versus the overall welfare of the animal. The health of an animal directly impacts that animal's overall welfare. Animal health is part of animal welfare. When an animal's health is poor, welfare suffers. However, ensuring good animal welfare requires more than merely providing for good animal health. Indeed, poor animal welfare does not always imply poor animal

health. For example, an intensively confined hen will still lay eggs, though her welfare is clearly impaired in a barren battery cage.

In addition animal welfare standards can be set at a variety of different levels. Two examples will be given of farm products.

In the EU, where there is mandatory labelling for shell eggs, three different levels are set for animal welfare standards: free range, barn and cage. This is of obvious benefit to both the consumer, who will choose at what level they wish to make their purchase, and to the producer, who will invariably gain a premium for the higher standards. The response by consumers can clearly be seen in different EU countries. In the UK, over 50% of shell eggs now sold are non-caged, and in the Netherlands and Austria all the major retailers only stock non-cage eggs. However in Spain only 2% of shell eggs are free range.

For chicken meat, where there is no mandatory labelling, private standards have become an important mechanism to inform the consumer, differentiate the marketplace and encourage promotion and uptake of higher animal welfare standards. In the UK, sales of chicken produced to higher welfare standards has increased from 1.8% of the market in 2004 to 17% in 2008 including a rise of 10% in the past 18 months. This on-farm improvement in the welfare of chickens could not have been achieved without private standards and their underpinning assurance schemes.

The OIE has yet to set standards on eggs or chickenmeat but this is presently being discussed in the Working Group and a standard could be set in the next few years. The level at which the OIE decides to set the standards has yet to be agreed. However, if it is at the lowest denominator—e.g., caged eggs—the OIE standard will not prevent eggs from systems produced to higher standards being marketed and sold where there is an obvious consumer and public demand for this. So the OIE standards on animal welfare and animal health will have different properties.

## **The growth in private standards**

Private assurance schemes on animal welfare have been in existence for over 50 years, when the organic standards were first developed in the UK. The numbers of schemes have grown exponentially, especially in the past decade as demand for and markets of products produced to higher welfare standards has grown. It is clear from the EU's Eurobarometer survey that this demand is not yet being met: 87% of the 45,000 consumers surveyed felt that food retailers do not provide enough information on welfare conditions and 89% felt that farm animal production methods should be labelled more clearly to indicate animal welfare conditions. Schemes to produce under higher welfare standards, such as free range laying hens against battery caged hens, inevitably cost more to produce. This could be due to a number of factors such as increase land price, labour costs and feed costs. The initial investment costs may cause producers reluctance to modify their production methods. However growing consumer demand for higher welfare meat egg and milk products and the change from this demand into actual buying behaviour, can be best served by adopting higher welfare private standards. Without such standards the consumer will not be able to turn their demand into buying preference behaviour.

Greater and quicker switches by consumers could occur if retailers were required to label clearly the welfare status of all meat, egg, and milk products. Although this is more pronounced in Europe, consumer awareness of farm animal welfare both for the animals themselves, as well as their products, is a growing global phenomenon. For instance in Argentina, a public opinion poll in 2007 found that 66% felt there was a relationship between animal welfare and the quality of the beef and 48% felt it was very important to have beef cattle produced under strict animal welfare standards<sup>1</sup>. Opinion polls in China and Brazil found that 74% and 79% of the public, respectively, thought treatment of farm animals important and 68% and 73%, respectively, felt buying welfare-friendly products could have a positive effect on the treatment of farm animals<sup>2</sup>.

In the EU, six countries presently have a majority of shell eggs on sale which are non-caged. All are identified by the European labelling system but the majority of these are sold by private standard schemes. The schemes responded to consumer demand, which also resulted in the EU's agreement on a standard for laying hens which ended the barren conventional cage system.

Steady annual sales increases have continued the trend of retailers, who also operate private standards, to raise their standards and in some cases prohibit the cage system under their standards. A similar but perhaps more pronounced trend is occurring on chicken meat in the UK where sales of chicken produced to higher welfare has increased from 2.8% in 2005 to 17% in June 2008. All are marketed under private standards, whether that is Freedom Food or a retailer standard.

Sales in the USA have also started to reflect a growing consumer awareness on welfare issues. The largest pig producer in the United States, Smithfield Foods, announced in 2007 that it was beginning a 10-year phase out of its use of pig gestation crates. Smithfield has 1.2 million breeding sows and is an important supplier to many retailers and restaurants. It operates a private standard. Maple Leaf, the largest pig producer in Canada, has followed suit and is phasing out gestation crates for sows. Strauss Veal, the leading U.S. veal producer, and Marcho Farms both pledged in January 2007 to convert their operations to crate-free group housing systems within two to three years. In these operations, while the calves most likely won't be able to go outside, they will be able to turn around.

National retailer chains Whole Foods Market and Wild Oats Natural Marketplace are now implementing cage-free egg policies in their private standards across their stores. Burger King, the world's second-largest hamburger chain, announced the adoption of a number of animal welfare policies in its standards in 2007 including implementing a purchasing preference for cage-free eggs and purchasing 20% of its pork from producers that do not confine breeding pigs in gestation crates within one year. McDonald's in the UK already operate a policy of only sourcing free range eggs and non-intensive pigs for its private standards. Unilever, the second-largest food manufacturer in Europe and the global market leader in all the food categories in which it operates, uses only free range eggs in its Hellmann's mayonnaise in the UK and aims to be cage-free throughout western Europe in all Unilever brands of mayonnaise and dressings by 2012.

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<sup>1</sup> Fundacion Construir. Report on animal welfare and cattle meat consumption in Argentina. 2008. FABA

<sup>2</sup> IPSOS-MORI 2007 Public opinion polls of attitudes to farm animals. WSPA

## **The use of science in private standards**

ICFAW strongly believes that private standards should be based on science and should be fully transparent and open to all. For instance, the standards underpinning the Freedom Food scheme undergo a rigorous process to ensure that they are based on science. The standards are written by the RSPCA scientific department, are based on available science and are live (ie are monitored and updated annually). The standards undergo peer review from a scientific panel which includes about ten members of the industry, veterinarians and scientists. Indeed ICFAW believes that as such standards are not politically influenced and are updated at least annually they provide a good instance of best practice in developing and implementing standards.

## **The position of private standards in the trade environment**

As the paper by Chrisitane Wolff to the OIE in May stated, there is no agreement within the WTO on private standards nor indeed on the issue of labelling of animal welfare standards. However, there is a general agreement that discussion on private standards on animal welfare, as opposed to animal health, is not an issue for the Agreement on Sanitary and Phytosanitary Standards but one for the TBT or GATT. So there is an immediate difference to how private standards on animal health should be viewed.

ICFAW believes that the setting of private standards is covered by the TBT and that it is allowed under the TBT. The TBTA recognises the right of governments to impose voluntary standards or technical regulations to meet “legitimate goals”. Although the TBTA does not specifically mention animal welfare, it could be taken as a legitimate goal. There is also an acceptance that voluntary schemes are compatible with WTO rules<sup>3</sup>.

Additionally, there is some WTO history on the relevance of consumer tastes to non-product related PPMs. In 2001 the Appellate body stated that consumer tastes and preferences was a criterion for determining the likeness of a product and upheld the right of countries to prohibit a substance based on consumer tastes<sup>4</sup>. However, crucially, this was only tested under the GATT and not under the TBTA rules.

ICFAW agrees that private standards should not provide an unintended or disguised restriction to trade. But as higher welfare food products are often difficult or impossible to distinguish from lower welfare alternatives, private standards play an important role to differentiate the products on the basis of animal welfare criteria.

## **The worth of private standards to developing countries**

There are three major issues raised in opposition to private standards:

- their lack of transparency,
- their implementation costs
- the setting of multiple standards.

ICFAW understands these concerns and believes that private standards should be as transparent as possible. In particular all standards should be openly available and accessible and information on the operation of the scheme and its assessment also available. Better consumer information can be generated through a variety of

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<sup>3</sup> US restrictions on imports of tuna DS29/R. 6.94

<sup>4</sup> WT/DS135/AB/R EC- asbestos. 2001

mechanisms including individual websites. Private standards should provide assistance, particularly to developing countries, on technology transfer to dissipate the high costs and training required to deliver standards for the first time.

In addition to achieving higher welfare for animals, private standards provide a market opportunity and incentivising process for developing countries. Two examples will be given:

In Namibia the beef industry is regulated by the government-owned and privately financed Meat Board of Namibia. The Meat Board of Namibia sets private standards and is responsible for the development of the beef industry and its health and welfare standards under its farm assurance scheme FANMEAT. This has had a beneficial effect on Namibia's export market, which is important to Namibia's trade balance as well as to the beef industry. The meat industry is responsible for over 6% of the country's total exports, earning over \$87 million in 2001. 80% of the beef produced annually in Namibia is exported. Namibia's exports have grown to such an extent that they now represent the largest export of beef in Africa to the UK and account for 3% of total UK beef imports. During the past five years, Namibia overtook Botswana as the market leader for beef exports to the UK, mainly due the industry regarding Namibian beef as superior quality and due to problems of foot and mouth disease in Botswana. The quality issue of the meat is tied into the FANMEAT assurance scheme, which guarantees certain animal welfare and veterinary standards.

Thailand exported over 100,000 tonnes of chicken in 2005. 55% were exported to Japan and 40% to the EU. Thailand also exported some 280,000 tonnes of processed chicken, worth \$805 million, an increase of about 40% from the previous year. The chicken produced and exported to the EU is probably bought by European retailers who are operating private standards which could be above baseline standards in both the exporting and importing countries.

Finally, in Argentina, the former minister of production in La Pampa confirmed his intention to improve animal welfare standards in his province, one of the largest beef cattle-rearing regions in Argentina, both for the animals' welfare and to increase market opportunities for the local producers<sup>5</sup>.

## **CONCLUSIONS**

- Private standards for animal welfare are important mechanisms to drive up animal welfare standards in both developing and developed countries
- Private standards can bring market opportunities for developing countries
- There is a difference between private standards for animal welfare, which are not covered by the SPS but by the TBT and GATT, and private standards for animal health, which are covered by the SPS
- Private standards for animal welfare should not be restricted by the OIE. Indeed, the OIE standards on farm animal welfare could be instrumental in improving baseline standards in existing private standard schemes.
- Private standards should be transparent and assistance given to developing countries to meet the standards

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<sup>5</sup> Moralejo R. 2008 International forum on Global aspects of Farm animal Welfare.