



COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT**

**on Animal Welfare Legislation on farmed animals in Third Countries
and the Implications for the EU**

I. OVERVIEW

- 1 There is a growing appreciation of the insistence of consumers that animals used in food production should be well treated. In response, the body of EU legislation on animal welfare has increased steadily in recent years. This trend is likely to accelerate, especially in the light of the Protocol to the Treaty of Amsterdam which raised the ambitions of all EU institutions to do more to raise welfare standards. There is also a growing appreciation that high welfare standards have both a direct and indirect impact on food safety and quality and that regulatory and support systems in agriculture must adapt accordingly.
- 2 However, this process has also resulted in costs to producers. It is clear that any requirement implying investments and changes to existing production systems has an impact on production costs. However, it is difficult to quantify it in general terms. In a Communication on the welfare of pigs¹, the Commission estimated the costs arising from the abolition of individual sow stalls between € 0.006 to € 0.02 per kilogramme pig carcase, depending on the length of transitional periods. A far more significant increase of production costs is expected in the case of egg production. A study presented by animal welfare organisations² suggests an increase of 8 per cent from 2003 (more space in battery cages) and further 16 per cent by 2012 (ban on battery cages). The Commission will have a closer look to these economic consequences before opening the debate on a revision of the laying hen Directive, foreseen for 2007.
- 3 Costs implied by higher welfare requirements should be recovered, in part at least, due to the premium placed on high standards by consumers. There is a concern, nonetheless, that any costs where are not directly recovered could place EU producers at a competitive disadvantage relative to imported products from third countries. This in turn could also undermine the higher standards in question. Arising from these dual concerns, Member States asked the Commission to carry out a communication on comparable animal welfare standards in third countries and to look at the implications arising from disparities in these standards.

¹ Communication from the Commission to the Council and the European Parliament on the welfare of intensively kept pigs in particularly taking into account the welfare of sows reared in varying degrees of confinement and in groups, COM(2001) 20 final, 16.01.2001, http://europa.eu.int/eur-lex/en/com/pdf/2001/com2001_0020en01.pdf

² "Hardboiled reality – animal welfare-friendly egg production in a global market", 2001, presented by RSPCA (Royal Society for the Prevention of Cruelty to Animals) and Eurogroup for Animal Welfare

- 4 The resulting study is largely inconclusive. There is no international consensus on the role of animal welfare and the measures in place in the EU cannot be readily compared with standards in third countries. One of the reasons is the difficulty to define precisely the effects of animal welfare on animal health and food safety. The approach to animal welfare science is at present under revision world wide in particular to evaluate how ethical and cultural factors are determining its understanding³. Nonetheless, it is clear that there is a growing trend towards improved standards, led by consumer demands in this direction. This consumer led approach can only be encouraged. The question of the competitive disadvantages arising from any disparity in measures is also complex. The evidence that is available suggests that competitive distortions are most likely to arise in the more intensive forms of agricultural production, notably the pig and poultry sectors.
- 5 The Commission considers that it is entirely legitimate to pursue these concerns. Competitive distortions – whether to the advantage or disadvantage of EU producers - arising from differences in standards have the clear potential to undermine higher animal welfare standards. The means to address these distortions are nonetheless not immediately evident. The Commission considers that they can be addressed through a number of channels:
- Through the normal market mechanisms as consumers and retailers attach an ever increasing premium to higher standards and this works its way through the price chain.
 - In the context of dialogue at the international level as the EU engages its trade partners on how to afford greater recognition to animal welfare in a constructive and non-trade distorting manner. A promising prospect for furthering this process appears to lie with the OIE and the Council of Europe.
 - The EU also needs to continue its bilateral efforts with individual trading partners to promote animal welfare standards. This is especially the case in relation to the veterinary and phytosanitary provisions of bilateral trade arrangements. This process could serve over time to improve the prospects for parallel efforts at the multilateral level.
 - Labelling regimes, whether voluntary or mandatory, also have an important role to play. Consumers are increasingly insistent on higher standards and ways have to be found to provide them with the required information on such standards. The egg-labelling provisions recently put in place are a positive step in this direction which could perhaps be followed in other fields. Further improvements with a view to secure international recognition seem to be necessary.

³ See: D. Fraser – Farm Animal Production: Changing agriculture in a changing culture – Journal of applied Animal Welfare Science, 4(3), 2001, p. 175-190

- The focus of EU agricultural policy is increasingly on quality rather than quantity. This quality concept embraces a range of priorities including improved food safety, environmental protection, rural development, the preservation of the landscape and animal welfare. Traditional price mechanisms do not always allow for important considerations like animal welfare to be properly recognised in the prices paid to producers. If it is to receive the priority demanded by citizens, new mechanisms need to be explored to address this deficiency.
- 6 This communication does not come down decisively in favour of any single one of the above possibilities. Instead, efforts must concentrate on all these fronts. This is entirely in keeping with the diverse nature of measures to promote animal welfare. It also reflects the intention of the Protocol to the Treaty on Animal Welfare that since 1999 requires the European Institutions and the Member States to take full account of animal welfare when drafting and applying the Community’s policies on agriculture, transport, internal market and research. This Protocol defines animals as “sentient beings” (i.e. capable of feeling pain) - a significant landmark.

II. BACKGROUND

MANDATE

- 7 When the Council of Ministers discussed Directive 98/58/EC on farm animal protection⁴, the Member States highlighted the issue of animal welfare law in the Union’s third-country trading partners. Accordingly Article 8 of that Directive required the Commission to send the Council a communication comparing legislation in other countries with that in the EU and exploring the implications for EU law and for competition. This is that communication.
- 8 The Union’s own animal welfare legislation goes back several decades already, beginning with a 1974 Directive on the stunning of animals before slaughter⁵.
- 9 From 1986 onwards Directives on pigs, calves and laying hens and on animal transport were adopted (and later refined in the light of new scientific data). A Directive banning the keeping of pregnant sows in segregation was adopted in June 2001.
- 10 A 1998 Regulation made export refunds for live cattle conditional on compliance with Community law on animal protection during transport.
- 11 Directive 1999/74/EC lays down minimum standards for the protection of laying hens, and a Council Regulation in December 2000 introduced a mandatory labelling system for eggs based on these standards (a system also applicable to imported eggs).

⁴ Council Directive 98/58/EC of 20.7.1998 concerning the protection of animals kept for farming purposes; OJ L 221, 8.8.1998, p. 23-27

⁵ For a list of the EU’s main animal welfare legislation see Appendix 5

- 12 In order to make comparisons with the situation in non-member countries, the Commission's Directorate-General for Health and Consumer Protection (SANCO) collected a considerable body of data from and about these countries. Section I summarises what this survey revealed. Section II draws conclusions on the implications for future action. There are also six appendices containing a summary of the data received and other background information.

MAIN FINDINGS OF SURVEY OF THIRD-COUNTRY LEGISLATION

- 13 SANCO contacted the main countries supplying the Union with live animals and animal products and requested information on their farm animal welfare legislation. It received replies from 73 countries (the most relevant are summarised in Appendix 1). The variable quality of the information supplied and the diversity of conditions in the countries concerned makes it difficult to draw concrete conclusions. Nonetheless, the following broad observations can be made:

NO GENERALLY RECOGNISED, SPECIFIC STANDARDS AT INTERNATIONAL LEVEL

- 14 The bulk of the information sent concerned cruelty to animals in general. Comparatively little referred specifically to *farm* animal welfare (the focus of this communication).

- 15 In the vast majority of countries, individual acts of cruelty to animals are deemed ethically unacceptable (though to varying degrees) and may even be punishable by law. And the law in many cases treats animals as sentient beings.

- 16 However, there is little evidence of a convergence of legislation worldwide on the basis of identical or similar principles. There is also a lack of shared scientific standards. The definition of farm animal protection varies from country to country according to the cultural, scientific, religious, economic and political context.

- 17 In the absence of shared standards, most of the legislation reported refers to the increasingly widely disseminated "five freedoms". Defined in 1979 by the UK Agriculture Ministry's advisory body, the Farm Animal Welfare Council, these are:

- proper and sufficient food and water,
- adequate shelter,
- opportunity to display normal patterns of behaviour,
- minimisation of pain or distress during handling,
- protection from disease.

SIGNIFICANT PROGRESS IN LAST DECADE, PARTICULARLY IN NON-EU EUROPE AND SOME OECD COUNTRIES

- 18 Media campaigns and lobbying by an ever-increasing number of NGOs have heightened public awareness in many (mainly developed) countries, resulting in considerable legislative progress especially in the last five years.

- 19 The EU enlargement process is motivating the candidate countries to adopt new legislation at an accelerated rate; likewise increased public awareness in those countries is causing their governments to move more quickly toward adoption of mandatory EU animal welfare standards. Also, the participation of the same countries in Council of Europe initiatives is facilitating the harmonisation of animal welfare legislation. Specifically the Council of Europe is continuing to develop five Conventions (the earliest dating back to 1968) on various aspects of animal welfare, in particular during international transportation, on the farm and at slaughter (see Appendix 2).

TWO TYPES OF ANIMAL WELFARE CODES: BINDING AND SELF-IMPOSED

- 20 Animal welfare measures in the different countries tended to take either of two forms: mandatory provisions or voluntary (i.e. self-imposed) codes of conduct (see Appendix 1).
- 21 Countries in the first group generally have binding national rules adopted in implementation of an umbrella “animal welfare” or “animal protection” Act. (Most countries of the (British) Commonwealth, for example, fall into this category.) Such Acts usually include very general provisions on the care and treatment of animals, including pets, and animals kept (besides food production) for scientific purposes or for their pelts or for extraction of other products. They do not usually contain specific provisions on farming methods (e.g. stocking densities), but they do usually provide the legal framework or bases for more specific regulations and recommendations in that area.
- 22 The emphasis in the second category of countries (the majority) is on private, voluntary initiatives rather than public, regulatory framework, with a wide variety of codes and guidelines being self-imposed by producers. Many of these are designed to ensure consumer confidence about the provenance of livestock products. They are often developed in collaboration with competent public authorities or with NGOs (especially consumer associations). They commonly take the form of labelling systems subject to inspection for certification of conformity.
- 23 Worldwide marketing strategies confirm that producers and retailers today are ready to apply new criteria so as to provide consumers with extra value. The perception is that “changes in the market will see fewer people going to the supermarket for the cheapest cuts of meat and instead being prepared to pay higher prices for sustainable produced quality products”⁶. A clear example of this evolution is the recent inclusion of animal welfare requirements in many existing quality assurance schemes for poultry meat. This reflects the perception by consumers that they are choosing a healthier and safer product. Conversely, producers are particularly fearful of loss of market share if products acquire a poor safety or welfare image. These trends are especially strong in the EU where there is a growing consumer insistence on high animal welfare standards and on high quality standards generally.

⁶ Financial Times: “NZ venison producers find a ready market for safe meat” by T. Hall (29.3.2001)

24 In an interesting example of this trend, the US Department of Agriculture recently announced plans to issue stricter slaughterhouse guidelines following pressure from animal rights groups and from a world-wide food company. Calling for zero tolerance for animal welfare violations at slaughterhouses, the company had said, “*We believe that people eating our products are assuming the animals ... are treated in a humane manner.*” In a letter to the company, the US Department of Agriculture said that the proposed rules would meet the fundamental issues that it had raised⁷.

EU LEGISLATIVE INITIATIVES HAVE AN INSPIRING EFFECT ON OUR TRADING PARTNERS

25 The level of animal welfare legislation in the EU compares well with third countries even if compliance with this legislation is often lacking⁸. Moreover, this legislation has served as an example for many other countries to follow. One example of how EU law can stimulate changes, with better animal welfare being achieved by consensus at international level, is the action plan drawn up in 2000 after discussions with the Chief Veterinary Officers of the candidate countries. This plan foresees the enforcement in the short term of key requirements of EU law on animal transportation, notably as regards horses. Soon afterwards the Slovenian authorities announced that they were applying the plan. In other candidate countries the transposition is under preparation; Lithuania and Hungary have already notified the application of equivalent rules.

26 The candidate countries’ progress with adoption of the “*acquis communautaire*” is in turn enhancing Council of Europe activity in the field of animal protection: ongoing work in Strasbourg on several animal welfare issues is encouraging a Europe-wide convergence on uniform principles.

27 Another example of EU legislation inspiring animal welfare standards elsewhere is in the framework of the OIE (for this “*World Animal Health Organisation*” see Appendix 4). Its recommendations on protecting animals during transport were certainly based on current Community legislation as well as on Council of Europe initiatives. Also, the recent inclusion of animal welfare in its work plan was in response to the evolution of animal welfare issues in the last few years all over the world but particularly in the EU. And the OIE’s work on animal welfare standards will surely be cross-fertilised by ongoing discussions at EU level and by negotiating activity in this area with the candidate countries. The EU has also been the most supportive of including animal welfare in the agenda of the World Trade Organisation where it is not currently recognised as a legitimate concern.

⁷ Animal Farm N° 487 of 22.2.2002: Dr Bernard Vallat: Opening up the OIE. 9 CFR Ch. III (1-1-01 Edition) Part 313 – Humane Slaughter of Livestock. On the Web: http://www.access.gpo.gov/nara/cfr/index.html#page_1

⁸ Shortcomings in enforcement of the legislation by national authorities are, for example, highlighted in a report on the experience acquired by Member States with the application of the Directive on animal transport, presented by the Commission to the Council in January 2001, COM(2000) 809 final, 6.12.2000, http://europa.eu.int/comm/food/fs/aw/aw_legislation/transport/report_en.pdf

- 28 Regarding the situation in developing countries, an important increase of livestock production is to be expected in the coming decades, which will require much more intensive forms of agriculture. The Community is engaged to accompany this evolution by various development programmes aiming at sustainability of this process. Beside environmental concerns regarding the use of natural resources, animal welfare issues related to intensive farming, industrial slaughter and transport conditions will become increasingly important in international development support.
- 29 In the framework of the international Initiative “Livestock, Environment and Development” – LEAD⁹ - the Commission jointly with UK is carrying out a study in Asia and Latin America to equip policy- and decision-makers to apply improved knowledge for environmentally sustainable and equitable forms of livestock development including animal welfare issues. Furthermore, there is a broad consensus that high priority should be given to animal welfare and that development aid should not support the creation or promotion of farming systems that have negative effects on it.

III. IMPLICATIONS, FUTURE ACTION

- 30 Where should EU action in the area of animal welfare go from here? In this section we will try to outline possible EU strategies, firstly as regards relations with the outside world¹⁰, then in the inter-related areas of research¹¹ and labelling and lastly direct payments to producers as envisaged in the proposal for the reform of the common agricultural policy (CAP).

WHY ANIMAL WELFARE IS AN INTEGRATED ELEMENT OF EU’S FOOD SAFETY POLICY

- 31 Research indicates that animals that are well treated and able to behave naturally are healthier than animals treated badly. An accumulating body of knowledge (dating back to the 1970s) shows how continuous physical stress on animals (e.g. from their housing conditions) affects not just their behaviour but their physiology, and can result in pre-pathological or even pathological states. And studies are ongoing to develop and standardise methodologies for scientifically measuring animal welfare¹².

⁹ The LEAD (Livestock, Environment And Development) Initiative is an inter-institutional project with the secretariat in FAO. This initiative is supported by the World Bank, the European Union (EU), the Ministère des Affaires Etrangères (France), German Federal Ministry for Economic Cooperation and Development via GTZ (Germany), the Department for International Development (United Kingdom), the US Agency for International Development (USA), the International Development Agency (Denmark), the Swiss Agency for Development and Cooperation (Switzerland), and the Food and Agriculture Organization of the United Nations (FAO). Its main goals are to increase awareness, knowledge and understanding of livestock and environment interactions; to identify appropriate options for livestock and environment management at regional and national level and to convey livestock and environment concepts into government and donor policies and projects

¹⁰ Bilateral agreements and multilateral agreements including WTO, OIE and CoE

¹¹ Links between animal welfare, animal health and food safety

¹² COST Action 846 :”Measuring and Monitoring Farm Animal Welfare” Dr H.J. Blokhuis - Institute for Animal Science and Health (ID-Lelystad) – Netherlands

- 32 There are currently various scientific initiatives focussing on animal welfare as an active constituent of animal health, or, more accurately, on extreme farming conditions (associated with more intensive production) as a source of animal illness. One of the most extreme cases is that of poultry: the faster growth of broiler chickens means a higher metabolic rate and higher oxygen requirement, seemingly in excess of the birds' respiratory and circulatory capacity. The result is increased mortality from ascites (fluid in the abdomen) and other related problems¹³.
- 33 Meantime research has extended to the link between various animal welfare factors and the quality of products, for example, the effect of transport and slaughterhouse conditions on the quality of meat. The mechanism whereby transport stress impacts the health of animals is very complex. Commonly referred to as "shipping fever syndrome", such stress can lead to depression of the immune system during and after transport. This means increased susceptibility to infection, through the lowering of the infection threshold (i.e. the quantity of pathogen required to cause illness).
- 34 Various pathogens (microbes, virus, parasite) that do not lead to illness under good husbandry conditions can become more aggressive, proliferating and causing disease, in animals after transport. Transport stress can reactivate pathogenic agents present in latent (symptomless) carrier animals and provoke their excretion, leading to clinical illness in other animals. Again this means increased morbidity and mortality rates. According to a recent opinion by SCAHAW (the EU's Scientific Committee on Animal Health and Animal Welfare), transport stress may enhance both level and duration of pathogen shedding in sub-clinically infected animals, thereby rendering those animals more infectious.
- 35 While further work is needed in this area, all over the world more and more retailers are recognising animal welfare as a constituent aspect of product image and quality. This in turn creates a need for reliable systems for on-farm monitoring of animal welfare status and risks aimed at providing guarantees on production conditions.
- 36 So there is increasingly wide acceptance of the link between animal welfare and animal health, and even, by extension, between animal welfare and food safety and food quality.
- 37 In its White Paper on Food Safety¹⁴, the European Commission advocates a "comprehensive, integrated approach" to food safety, covering not just the entire food chain ("farm to table") but extending also to the EU's external interface and its involvement in international fora. (The Member States have indicated their support for this approach.) The integration of animal welfare in food safety policy and its promotion at international level would seem to be good examples of this approach in action. It would also be consistent with the requirement of the Protocol to the Treaty which requires full account to be taken of animal welfare in relevant EU policies.

¹³ Report of the Scientific Committee on Animal Health and Animal Welfare on the welfare of chickens kept for the production of meat (2000)

¹⁴ COM(1999) 719 final, 12.1.2000, http://europa.eu.int/comm/dgs/health_consumer/library/pub/pub06_en.pdf

WORKING TOWARD INTERNATIONAL CONSENSUS

THE ISSUES - AS REFLECTED IN RELATIONS WITH THE WTO

- 38 The EU fully subscribes to the view that animal welfare provisions must not be used for protectionist purposes. However, this should not serve as an obstacle to greater efforts at the international level to win recognition for the EU's standards in this area and to ensure that they are compatible with trade obligations. The Agreements of the World Trade Organisation - most relevantly here the GATT ("General Agreement on Trade and Trade"), AoA ("Agreement on Agriculture"), TBT ("Technical Barriers to Trade") and SPS ("Sanitary and Phytosanitary Measures") - make it illegal to resort to measures that unnecessarily restrict trade or discriminate among members or between imported and domestic products. As there are diverging views on the extent to which animal welfare constitutes a legitimate policy objective and also taking into account the absence of interpretative guidance by dispute settlements, unilateral application by the EU of its animal welfare standards as condition for the importation of products from third countries¹⁵ could risk being challenged by the EU's trading partners.
- 39 By way of highlighting the issue, the EU submitted to the June 2000 special session of the WTO Committee on Agriculture a paper on "Animal welfare and trade in agriculture" (reproduced in Appendix 6)¹⁶. The ensuing discussion revealed that a number of non-EU countries around the world, rather than associating the measures taken by the Union with social concerns, fear them as a source of major trade barriers in the future. In addition there is a perception in some quarters that this is just an issue for "rich countries".
- 40 Despite such reticence, the Doha 2001 conclusions (unlike the discussions in Seattle) did see some progress, with non-trade concerns, including animal welfare, being included on the agenda for future agriculture negotiations.
- 41 But further progress is needed to ensure general recognition of such non-trade concerns as globalisation proceeds. And there are already signs of a shift in attitudes from negative to neutral. The growing concern of consumers and retailers about high animal welfare standards is making its impact increasingly felt not only in the EU but in third countries. The focus of the Commission's efforts, therefore, should be on building on this trend among WTO members towards the EU position.
- 42 There are two reasons why this strategy should be pursued: on purely ethical grounds, and in recognition of the higher costs that EU standards entail for both our producers and consumers.
- 43 Achieving consensus through the WTO is, however, inherently difficult due to ethical, cultural, economic and political divergences (as shown by the data collected for this communication). While pursuing direct progress via the WTO agriculture negotiations, therefore, it is equally important to pursue other avenues in parallel.

¹⁵ Relevant data on trade flows in animal and animal products are set out in Appendix 3

¹⁶ See also the following WTO documents: EU: comprehensive negotiating proposal G/AG/NG/W/90; EU: food quality: improvement of market access opportunities G/AG/NG/W/18

- 44 These parallel activities could take various forms - for example, promoting non-trade concerns in international fora, organising workshops and conferences - and should have two overriding goals: establishing the link between animal health, animal welfare and food safety (this issue is dealt with in a later section) and arriving at multilateral animal welfare standards, which clearly could serve as a reference in the WTO context at a later stage.

MULTILATERAL ANIMAL WELFARE STANDARDS: AN INTERNATIONAL FRAMEWORK

- 45 There are two ways in which common welfare standards could be arrived at: under the aegis of an appropriate international organisation, or through the conclusion of bilateral or multilateral agreements.

ESTABLISHING STANDARDS WITHIN THE FRAMEWORK OF OIE

- 46 The OIE (or World Animal Health Organisation - see Appendix 4) has played a key role in international trade negotiations and veterinary agreements since its creation in Paris in 1924. Its Animal Health Code, developed from the 1960s onward on a voluntary basis, by 1995 had become an international reference on animal health that is recognised in the SPS Agreement. The Codex Alimentarius - a food code jointly created by the FAO and WHO in 1962 - plays a similar role in the area of food safety.

- 47 While it is generally agreed that there is no equivalent reference body specifically for animal welfare, the OIE Code does include a number of recommendations on animal transport. (Several third countries referred to these in their replies to SANCO.) Furthermore the OIE International Committee adopted a resolution in 2001 including animal welfare in its work-plan for the next five years. An ad hoc working group of animal welfare experts met for the first time in April 2002 to discuss the new OIE responsibility. The group comprised veterinary and animal welfare experts representing a broad range of countries and cultures. The Commission is represented in this group. The group prepared a set of detailed recommendations considered at the OIE's annual General Session of Member Countries in May 2002 (see Appendix 4). The recommendations address the possible scope of OIE activities and priorities in relation to this new task.¹⁷ Working via the OIE has a number of advantages.

- 48 The aim of the OIE is to establish welfare standards. Internationally agreed standards are an essential element in functioning of the TBT and SPS agreements and could also be an useful reference for bilateral negotiations¹⁸.

¹⁷ OIE Press release of 15.4.2002, http://www.oie.int/eng/press/a_020415.htm
Report of the meeting of the OIE ad hoc group on animal welfare – 70th General Session (Paris, 26-31.5.2002) – International Committee of the OIE

¹⁸ Animal Pharm N° 487, 22.2.2002: “Dr Bernard Vallat: opening up the OIE”

- 49 Besides this long-term goal, the existence of OIE standards could have positive effects on any efforts to address the animal welfare issue internationally. The fact that a science-based body like the OIE is dealing with this matter would facilitate other negotiations. Assurance that animal welfare considerations are not disguised restrictions on international trade would also be more credible. This could be relevant for all external measures envisaged in this communication, such as negotiations on labelling in the framework of the TBT Agreement or the allocation of resources in the context of the CAP reform which has to be justified as non-trade-distorting measure (“Green Box”) under the WTO Agreement on Agriculture.
- 50 On a practical level, the OIE offers a readymade forum for the exchange of scientific knowledge and its dissemination to a maximum number of countries. And the fact that future OIE standards will probably be lower than those applied in the EU means that they would entail no additional burden for EU producers. The existence of international technical standards would encourage producers and retailers to apply or to demand the application of higher standards for marketing reasons.
- 51 Therefore, the Commission with all Member States of the EU should continue to fully support and follow up on to the OIE initiative. On the operational side it should be remembered that the EU is not a member of the OIE and it is therefore necessary to evaluate the level of EU participation, for example, in providing technical assistance to the working group and specialist sub groups.

MULTILATERAL AND BILATERAL AGREEMENTS

- 52 Another means of promoting animal welfare internationally - complementing progress via international reference bodies like the OIE - is through the negotiation of bilateral or multilateral agreements.
- 53 A starting point could be agreements in specific sectors (as for example the trade in eggs) with our major trading partners, open to all relevant WTO members. However, an important consideration here is guarding against high standards already adopted by the EU being compromised. Past experience in other areas (e.g. the “humane trapping” agreement signed with Canada and Russia) points to the danger of a lowering of standards established in the Community.
- 54 Since such agreements - dealing specifically with animal welfare - are not yet a reality, the Commission intends to incorporate animal welfare standards in the bilateral veterinary agreements (covering trade in animal products and live animals) to be negotiated (notably with the Mercosur countries¹⁹) or already in place (notably with Canada, New Zealand and the United States). The recently signed agreement with Chile already contains provisions in relation to animal welfare standards²⁰.

¹⁹ Argentina, Brazil, Chile, Paraguay and Uruguay

²⁰ The “Agreement on sanitary and phytosanitary measures applicable to trade in animals and animal products, plants, plant products and other goods and animal welfare” states in Article 2 that reaching a common understanding between the Parties concerning animal welfare standards constitute one of its objectives

55 In the sanitary agreements with the USA (1997) and Canada (1998) no reference to animal welfare standards was made. In the EU/Canada and EU/New Zealand agreement (1997) the scope may be broadened to “veterinary issues other than sanitary measures” applicable to trade in live animals and animal products. With New Zealand it was understood that this could include animal welfare standards. For equivalent products, New Zealand agreed to specifically certify compliance with EU animal welfare standards concerning stunning and slaughter.

56 As regards future agreements the Commission aims at including animal welfare as an issue, with the objective to commonly develop standards later on, taking also into account future evolutions at multilateral level.

REINFORCING LINKS BETWEEN ANIMAL WELFARE, ANIMAL HEALTH AND FOOD SAFETY

57 As mentioned before, there is increasingly wide acceptance of the link between animal welfare and food safety. However, further scientific work is needed in this area.

58 The EU should encourage efforts to research and detail these links between animal welfare and animal health and between animal welfare and the quality and healthiness of foodstuffs - and to have them recognised.²¹ For the latter purpose, the most appropriate forum would again seem to be the OIE, given the content of its 5-year work programme as alluded to earlier.

59 Further efforts would be necessary to understand how the developments in the modern farming could be redirected to ensure that in the future this activity could become more socially acceptable without being detrimental to the health of the animals and the safety of the products.

60 In the mean time, all EU legislation on veterinary subjects should be drafted and enforced in a way that integrates the dimensions of animal welfare and public health. A Commission proposal on meat hygiene, for example, already contains provisions on *ante mortem* animal welfare inspections at the slaughterhouse or on the farm, which will also be a condition for the signing of the health certificates.

²¹ DG Research and Technical Development - Seminar on Farm Animal Welfare. Press: Commission supports research into better conditions for animal breeding and better food quality
http://www.europa.eu.int/comm/research/quality-of-life/animal-welfare/seminars/index_en.html

THE LABELLING OF ANIMAL PRODUCTS

- 61 Labelling is becoming increasingly important as more and more consumers want to know about the foodstuffs they are buying. This interest is partly met by existing mandatory labelling (ingredients, nutritional values, “best before” dates, etc.). But recent sociological studies show that concern among many EU consumers today about food production methods goes beyond these criteria and extends also to animal welfare. Indeed, a recent EU sociological study revealed that a lack of labelling on production methods was preventing consumers from possibly shifting toward “animal friendly” products²².
- 62 Labelling is probably the least trade-distorting means of meeting the specific demand for products produced in accordance with acceptable animal welfare standards. Nevertheless an immediate problem with the issue is the suspicion it arouses among some of our WTO partners that it could be used as a disguised restriction on imports from third countries. Conversely, the labelling of animal welfare aspects could even facilitate the placing of products derived from extensive farming on the EU market, since consumers tend to attach great value to this form of production. Many third countries have a comparative advantage in this respect which could be exploited to commercial advantage.²³
- 63 The extra production costs that labelling entails is a lesser problem, as these can usually be recouped in part by higher retail prices.
- 64 Labelling can take one of two forms: mandatory or voluntary. The latter subdivides in turn into supervised schemes to which producers freely subscribe (e.g. organic labelling) and labelling self-imposed by producers or traders.

MANDATORY LABELLING

- 65 To date only one EU instrument making animal welfare -related labelling compulsory has been passed. It is a Regulation²⁴ - effective from 1 January 2002 - on eggs that will require specification of the rearing method applied (in replacement of current voluntary practice). An initiative in this area was necessary as the methods by which hens are farmed had become a major factor for EU consumers when buying eggs. Existing labelling provisions were considered inadequate and there were justified claims that consumers were being misled regarding the rearing methods concerned. There were also concerns that the efforts incurred by some producers in raising standards were being undermined by the confusion arising from the lack of clarity in labelling requirements.

²² “Consumer Concerns About Animal Welfare And The Impact On Food Choice” - EU FAIR-CT36-3678 - Dr Spencer Henson and Dr Gemma Harper -Centre for Food Economics Research -Department of Agricultural and Food Economics - The University of Reading

²³ The presentation of the policies on animal welfare of New Zealand could be regarded as an example how to promote the positive image of extensive animal production,
<http://www.maf.govt.nz/biosecurity/animal-welfare/animal-welfare-in-nz.pdf>

²⁴ Council Regulation (EC) 5/2001 of 19.12.2000 amending Regulation (EEC) n 1907/90 on certain marketing standards for eggs – OJ L 2 of 5.1.2001.

- 66 The effects of the different farming systems on production costs in the EU, USA and Switzerland were recently studied and point to the clear potential for competitive disadvantages arising from differences in standards.²⁵
- 67 In the case of eggs produced in non-EU countries (though only for direct consumption), an indication of the farming method may be replaced by certain other indications where the third-country procedures are not sufficiently equivalent to the technical rules and standards applying in the Union. The Council Regulation therefore says that, where necessary, the Commission is to negotiate with countries exporting eggs to the EU so as to arrive at appropriate ways of proving compliance with labelling standards equivalent to those in the EU.
- 68 These new rules reflect the fact that product traceability has become a high priority for Europe's consumers, and that there is wide public support for compulsory labelling.
- 69 Such mandatory labelling rules raise, however, the possibility of conflict with our external trading partners. The Commission presented a note²⁶ on mandatory labelling to the December 2001 session of the WTO Agriculture Committee (an initiative which it should follow up within both TBT and Agriculture Committees) highlighting that the right of WTO Members to choose a level of consumer information and protection as regards the characteristics and the production and processing methods of food and agricultural products should be maintained.
- 70 On a more general level, the Union should seek to develop a comprehensive policy on mandatory labelling and to secure international recognition of its legitimacy. This should include ensuring that all stages of the development of labelling schemes take place in a transparent manner, especially the definition of criteria and the operation of such schemes. All interested parties should have the opportunity to be involved in a meaningful way as early as possible.
- 71 The mutual recognition of other countries' labelling schemes as well as the recognition of animal welfare standards applied within third-countries as being equivalent to those contained in EU law (as foreseen, e.g., for the purposes of the egg marketing Regulation) should be treated as a priority by the Commission.

VOLUNTARY LABELLING

- 72 Voluntary labelling appears to be on the increase worldwide. As indicated earlier, it subdivides into supervised public schemes to which producers freely subscribe and labelling self-imposed by producers and traders²⁷. Organic farming is probably the most popular subject of voluntary labelling²⁸. However, its impact on animal welfare is in certain respects limited, since other major aims of those schemes, as the preservation of the environment and sustainability of agriculture, could conflict with animal welfare objectives. Worldwide, such guidelines and codes of conduct outweigh mandatory legislation.

²⁵ "Hardboiled reality – animal welfare-friendly egg production in a global market", 2001, presented by RSPCA (Royal Society for the Prevention of Cruelty to Animals) and Eurogroup for Animal Welfare

²⁶ "Mandatory Labelling for Agricultural Products – Note by the European Communities", Appendix 7

²⁷ See for example the "Free farmed label" in the USA, www.freefarmed.org

²⁸ See for example: US National Organic Program, on the Web: <http://www.ams.usda.gov/nop/index.htm>

- 73 The usual motive for such schemes is to exploit a market for higher-quality products commanding higher prices. In practice voluntary labelling has a very positive effect in raising standards to higher levels. And consumer interest in such products (e.g. organic produce) is increasing.
- 74 Such consumer pressure is strongest in areas where farming methods are the most intensive and, therefore, less welfare-friendly. This is the case of pig and poultry production, where squeezed profit margins (due to international competition) have caused significant increases in average animal numbers per holding and in the proportion of large-scale holdings. This has led to several voluntary labelling schemes being launched across the EU to reassure consumers about how animals are farmed (including environmental concerns).
- 75 Further reflection is needed on the approach to adopt towards non-governmental schemes, which, judging by the data received for this communication, are becoming increasingly widely disseminated world-wide.
- 76 In the absence of international harmonisation, recognition of equivalency has the potential to increase trade flows by labelling requirements. Accordingly, mutual recognition of voluntary labelling schemes with non-EU countries is desirable, possibly on the basis of criteria to be worked out by the TBT Committee of the WTO.
- 77 Animal welfare only features in some of the existing labelling schemes relating to production methods (e.g. the Community's organic label). This dimension should be further developed - again with the involvement of all interested parties at all stages.

DIRECT PAYMENTS TO PRODUCERS FOR ANIMAL WELFARE - REVIEW OF THE CAP

- 78 The reform of the common agricultural policies foreseen by Agenda 2000 follows the trend of more market oriented measures decoupling subsidies from production. In July 2002 the Commission adopted the Mid-Term Review (MTR) of the Agenda 2000, putting it into the wider context of the recent public debate about the CAP and its future²⁹. Europe's citizens no longer want systems which encourage more production of food to the exclusion of other priorities. Instead, farming is seen as fundamental to other key societal goals such as food safety and quality, animal welfare, environmental protection, sustainability, rural development and the upkeep of the countryside. There is an increasing acceptance that these wider objectives must be promoted but existing price mechanisms do not necessarily allow for the recovery of the associated costs. This has inevitable implications for the competitiveness of farming. Farmers contend that they should be compensated for any loss in competitiveness which they might suffer because of higher welfare standards.
- 79 The decisions taken in Doha in November 2001 fully safeguard the rights of governments to take measures like this which they deem necessary to protect their consumers' interests.

²⁹ COM(2002) 394 final

- 80 One priority for the Community is therefore to define this “multifunction” role of agriculture and to find the right way to make it work in a sustainable fashion. As for the implications of animal welfare for international trade, the reallocation of financial resources in particular would help preserve the *acquis* and support further development of the level of protection. Furthermore the enforcement of “good farming practices” as outlined in the MTR of the CAP will promote the supporting of animal welfare encompassing mandatory standards.
- 81 Turning to future initiatives, the EU’s proposal to the WTO in June 2000 highlighted the possibility of making direct payments to producers to offset costs incurred due to higher welfare standards. An example for such an increase in production cost is described in the earlier mentioned study³⁰ on egg production. It concludes that the higher welfare standards for laying hens recently adopted in the EU will lead to higher costs, compared to third country trading partners.
- 82 The Commission believes that it is legitimate that compensation for additional costs of this kind should be exempted from subsidy-reduction commitments whenever it can be clearly shown that these extra costs stem directly from the higher standards in question and thus have no, or at most minimal, trade-distorting effects. This initiative fully respects the principle agreed in Doha that the commitment to reforming the trading system in agriculture is paired with a commitment to recognising non-trade concerns, and as consequence the reform of farm support must leave room for accompanying measures that are minimally or not at all trade-distorting. Clearly, any solutions in this area to meet the concerns for one country should not create problems for others.
- 83 A clear difficulty is in identifying and quantifying any additional costs arising from animal welfare legislative requirements. The extent to which such costs are recouped through the higher prices paid by consumers needs to be taken into account. Options other than direct compensation are available, such as investment aids to install upgraded facilities through the structural and rural development funds. National funding can also be provided for this purpose provided the relevant state aid provisions are respected.
- 84 In this perspective, priority should be given to assessing the impact of animal-welfare measures on the cost of end-products. Another aspect to be looked at is the form of payments to farmers which will apply welfare standards beyond mandatory requirements. Studies are under way but no reliable economic parameters are yet available in this field. Accordingly, efforts should be made by the EU to develop models for evaluating the additional costs of animal welfare requirements, starting with the most intensive systems of farming such as for pigs and poultry.
- 85 In addition, determining the costs and form of payments to farmers would probably clarify the EU position in the WTO negotiations.

³⁰ See footnote 25

- 86 The benefits of the proposed MTR are considerable: in particular direct compensation would increase the acceptability of higher animal-welfare standards to producers themselves. A positive attitude among producers would lead to a faster acceptance of animal-welfare higher standards. The inclusion of food safety and animal health and welfare in cross-compliance and their systematic monitoring through the farm audit framework will improve transparency and give consumers greater confidence. Once modern production systems become more widespread, the management practices employed will develop further. This would have positive side-effects on all kinds of related issues, including food safety and animal health, since hygiene conditions for example constitute a link between them. In addition the MTR foresees that decoupling will encourage farmers to respond to market signals generated by consumer demand rather than by quantity-related policy incentives.
- 87 The MTR proposals will help address citizens' concerns as the one for animal welfare. Dynamic modulation will allow a shift towards the increased provision of public goods such as environmental services and animal welfare, as well as measures focused on improving the competitiveness of the sector.
- 88 Furthermore, the broad application of advanced standards could lead to a stronger defence of animal-welfare issues by the agricultural sector in the international context.
- 89 Later on, it will be necessary to define which measures call for compensation and to whom it would be paid. Politically sensitive decisions would be needed in this context.
- 90 Any direct payments to producers have to be justified under the Agreement on Agriculture within WTO. The so-called "Green Box" is the interface for addressing internal support schemes geared to societal goals. Negotiations with our trading partners will be necessary. The Commission has already taken a first step by presenting a non-paper on Green Box issues at the special session of the Committee on Agriculture in September 2001. This needs to be followed up by actively maintaining a close relationship with all the other areas of action set out in this communication.

APPENDIX 1

ANIMAL WELFARE LAW IN 30 COUNTRIES - DATA RECEIVED BY THE COMMISSION

The Commission contacted **106 third countries**, **73 of which** replied but **only 30** with information directly relevant to the survey. This information is organised in the table below as follows:

1. **Animal welfare (or animal protection) act:** does the country have an “umbrella” animal welfare (or animal protection) act (i.e. an act covering all animals - including pets and those kept for scientific purposes - but usually not including specific provisions on methods of farming animals, e.g. stocking densities)?;
2. **animals on farms:** do any rules exist on the farming of animals, and, if so, do they take the form of (binding) legislation or (voluntary) guidelines/codes of conduct?;
3. **transportation of animals:** do rules exist, and, if so, (binding) legislation or (voluntary) guidelines/codes of conduct?;
4. **killing of animals:** do rules exist, and, if so, (binding) legislation or (voluntary) guidelines/codes of conduct?

Relevant information received on animal protection rules (at 1999)				
COUNTRY	An animal welfare act?	animals on farms:	Transport of animals:	Slaughter of animals:
(1) Argentina			x	X
(2) Australia		•	•	X
(3) Botswana				•
(4) Bulgaria				X
(5) Canada		•	•	X
(6) Cape Verde			•	X
(7) Chile			•	
(8) Croatia	yes	x	x	X
(9) Cyprus		•	x	X
(10) Czech Republic		x	x	X
(11) Estonia	yes	•	x	X
(12) Hong Kong	yes			X
(13) Hungary	yes	•	x	X
(14) India	yes	•		
(15) Japan		•	•	X
(16) Latvia		x	x	X
(17) Lithuania	yes	x	x	X
(18) Malta	yes		x	X
(19) Mexico			•	•
(20) Namibia		•	•	•
(21) New Zealand	yes	•	x	X
(22) Norway	yes	x	x	X
(23) Philippines	yes			

COUNTRY	An animal welfare act?	animals on farms:	Transport of animals:	Slaughter of animals:
(24) Poland	yes	x	x	X
(25) Slovak Republic	yes	●	x	X
(26) Slovenia	yes	x	x	X
(27) South Africa		●	●	X
(28) Swaziland			●	X
(29) Switzerland	yes	x	x	X
(30) U. S. A.	yes	●	●	X

X indicates legislation; ● indicates guidelines and codes of conduct.

(Where both exist, legislation takes precedence.)

APPENDIX 2

COUNCIL OF EUROPE CONVENTIONS ON FARM ANIMAL PROTECTION

Founded in 1949, the Council of Europe has 43 member countries, including all 15 EU Member States.

Over the years it has drawn up, and continues to develop, five conventions on various aspects of animal welfare. The following are relevant to *farm* animal protection:

- The European Convention for the protection of animals during international transport (Paris, 13/12/68);
- The European Convention for the protection of animals kept for farming purposes (Strasbourg, 10/03/76);
- The European Convention for the protection of animals for slaughter (Strasbourg, 10/05/79).

The second of these (“on animals kept for farming purposes”) contains specific recommendations for the protection of the main species of animals farmed in Europe, and the specific aim of Directive 98/58/EC was to give effect to the principles contained in the Convention and ensure their uniform application throughout the EU.

To date the Community has itself ratified the same Convention as well as that on “animals for slaughter”. And during 2001 the Commission received authorisation from the Council to negotiate a modified version of the Convention on “animals during international transport” on behalf of the Community.

The following table indicates which of the three Conventions have been signed by other Council of Europe members.

Non-EU Countries and the Council of Europe animal protection conventions			
Non-EU member of the Council of Europe	Convention on protection of animals kept for farming	Convention on protection during international transport	Convention on protection of animals for slaughter
Bosnia and Herzegovina	X		X
Croatia	X		X
Cyprus	X	X	
Czech Republic	X	X	
Hungary			
Iceland	X	X	
F.Y.R.O.M.	X		X
Malta	X		
Norway	X	X	X
Romania		X	
Russian Federation		X	
Slovenia	X		X
Switzerland	X	X	X
Turkey		X	
Yugoslavia	X		X

APPENDIX 3

EXTERNAL TRADE IN LIVE ANIMALS & ANIMAL PRODUCTS COVERED BY EU ANIMAL WELFARE LEGISLATION

This Appendix contains data on trading flows with third countries for collation with the information on legislation. It also contains data on changing farm structures within the EU. Data concerning trade in agricultural products not derived from animals (as cereals) are shortly presented to demonstrate the relevance of animal trade in relation to the all sector.

EC live animals trade and slaughter (year 2000) (*)						
<u>Species</u>		<u>EC trade live animals</u>				<u>EC slaughtering (b)</u>
		<u>Total trade (a)</u>	<u>Intra-community</u>	<u>Import</u>	<u>Export</u>	
<u>Bovines</u>	<u>heads</u>	<u>3.767.369</u>	<u>2.965.784</u>	<u>501.401</u>	<u>300.184</u>	<u>26.847.000</u>
	<u>tonnes</u>	<u>975.506</u>	<u>740.101</u>	<u>62.931</u>	<u>172.474</u>	<u>7.393.343</u>
<u>Pigs</u>	<u>heads</u>	<u>11.957.246</u>	<u>11.869.227</u>	<u>57.247</u>	<u>30.772</u>	<u>203.021.000</u>
	<u>tonnes</u>	<u>579.582</u>	<u>576.945</u>	<u>1.157</u>	<u>1.480</u>	<u>17.563.320</u>
<u>Sheep and Goats</u>	<u>heads</u>	<u>4.193.501</u>	<u>2.567.720</u>	<u>1.564.951</u>	<u>60.830</u>	<u>77.585.000</u>
	<u>tonnes</u>	<u>110.741</u>	<u>76.973</u>	<u>30.730</u>	<u>3.038</u>	<u>1.954.000</u>
<u>Equidae</u>	<u>heads</u>	<u>212.935</u>	<u>65.028</u>	<u>138.309</u>	<u>9.598</u>	<u>359.000</u>
	<u>tonnes</u>	<u>95.748</u>	<u>25.545</u>	<u>63.996</u>	<u>6.207</u>	<u>84.347</u>
<i>TOTAL tonnes</i>		<i>1.761.577</i>	<i>1.419.564</i>	<i>158.815</i>	<i>183.199</i>	<i>26.995.010</i>

Source: EUROSTAT

(*) The table describes the amount of live animals transported over a distance of 50 km subject to EC legislation on animal protection during transport.

**Value of imports of live animal and animal products from Third Countries
- Average 1992/2001 in 1000 ECU -**

	Live animals	Meat	Dairy products and eggs	Total
TOTAL EXTRA EU	646.155	2.611.365	960.659	4.218.180
New Zealand	2.080	648.680	222.478	873.238
Hungary	71.817	293.362	20.772	385.951
Brazil	411	378.310	751	379.473
Argentina	3.652	329.160	35.708	368.519
Poland	139.078	114.734	33.005	286.816
USA	157.605	88.736	17.934	264.275
Switzerland	5.376	8.390	198.860	212.626
Australia	6.808	119.501	44.887	171.196
Uruguay	572	99.774	5.807	106.153
Thailand	50	98.495	470	99.014
Switzerland	4.658	1.710	87.266	93.634
China	5.667	45.981	37.527	89.175
Canada	11.589	29.607	35.303	76.499
Czech Rep.	23.872	15.313	23.337	62.522
U.A.Emirates	54.302	21	118	54.441
Romania	34.718	4.667	7.462	46.847
Botswana	98	44.552	5	44.654
Bulgaria	5.169	31.066	7.580	43.815
Other countries	118.634	259.306	181.389	559.329

Source: EUROSTAT

Detailed value of imports of certain animal products from Third Countries - Average 1992/2001 in 1000 ECU

	Bovine fresh meat	Bovine frozen meat	Pork meat	Sheep or goat meat	Horse and alike meat	Offals	Poultry meat	salted or dried meat	Eggs in shell	Eggs not in shell	TOTAL
TOTAL EXTRA EU	494.624	295.338	85.539	645.473	196.614	67.194	493.716	102.047	26.126	6.325	2.412.996
New Zealand	1.788	11.327	300	554.035	1.063	22.361	34	2	0	0	590.909
Brazil	60.884	139.415	24	58	21.405	5.095	104.079	46.908	161	53	378.081
Argentina	195.584	46.917	5	3.720	57.562	10.487	1.093	87	0	68	315.524
Hungary	10.019	2.468	55.396	3.020	585	1.090	194.831	371	1.577	138	269.496
Australia	30.715	5.119	10.567	50.919	7.135	9.434	15	15	4	8	113.930
USA	12.434	2.800	10.084	122	52.140	7.697	2.137	210	9.403	2.719	99.746
Thailand	1	23	0	1	5	0	53.580	44.775	83	105	98.574
Uruguay	34.026	36.576	7	11.852	10.689	5.148	90	2	0	1	98.390
Poland	4.488	5.670	1.089	155	13.575	858	65.292	86	86	18	91.318
Botswana	27.875	16.674	0	0	0	0	0	0	5	0	44.553
Canada	1.236	203	80	5	26.046	1.623	337	10	8.623	327	38.489
Namibia	30.164	7.805	0	9	0	0	0	0	278	0	38.257
Zimbabwe	24.361	7.030	0	0	0	11	0	0	11	0	31.413
Bulgaria	33	11	144	10.845	0	14	19.279	24	26	553	30.929
Other countries	61.017	13.300	7.844	10.732	6.410	3.376	52.949	9.555	5.869	2.335	173.387

Sources: EUROSTAT

Supply balance - pigmeat

	1 000 t ⁽¹⁾				% TAV
	1997	1998	1999	2000	<u>2000</u> <u>1999</u>
1	2	3	4	5	6
Gross internal production	16 290	17 657	18 065	17 564	-2.8
Imports – live animals	6.8	16.7	1.2	0.7	-39.6
Exports – live animals	21.0	12.2	27.9	0.5	-98.1
Intra-EU trade	291	386	501	343	-31.6
Usable production	16 276	17 662	18 038	17 564	-2.6
Change in stocks	3	161	4	0	x
Imports	70	44	68	48	-28.4
Exports	948	1 139	1 524	1 260	-17.4
Intra-EU trade	3 583	3 861	3 957	2 928	-26.0
Internal use (total)	15 178	16 227	16 350	16 384	0.2
Gross consumption in kg/head/year	40.8	43.3	43.4	43.5	0.2
Self-sufficiency (%)	107.3	108.8	110.5	107.2	-3.0

⁽¹⁾ Carcass weight

World production and gross domestic production of principal pigmeat-producing or exporting countries

	%				1 000 t				% TAV
	1997	1998	1999	2000	1997	1998	1999	2000	<u>2000</u> <u>1999</u>
1	2	3	4	5	6	7	8	9	10
World	100.0	100.0	100.0	100.0	82 146	87 647	89 867	90 909	1.2
- EU-15	19.8	20.1	20.1	19.3	16 249	17 636	18 026	17 564	-2.6
- Peop. Rep. China	45.2	45.5	45.7	47.4	37 155	39 899	41 048	43 058	4.9
- USA	9.5	9.8	9.7	9.4	7 835	8 623	8 758	8 532	-2.6
- Russia	1.9	1.7	1.7	1.4	1 546	1 505	1 485	1 250	-15.8
- Poland	2.4	2.3	2.3	2.1	1 981	2 026	2 043	1 900	-7.0
- Japan	1.6	1.5	1.4	1.4	1 283	1 286	1 277	1 270	-0.5
- Brazil	1.8	1.9	1.9	2.0	1 518	1 652	1 752	1 804	3.0
- Canada	1.5	1.6	1.7	1.7	1 257	1 390	1 562	1 525	-2.4
- Romania	0.8	0.7	0.7	0.7	667	620	610	626	2.6
- Hungary	0.7	0.6	0.7	0.7	581	569	664	664	0.0

Sources: FAO

Changing structure of pig farms, by Member State

	EU-15	Belgique/ België	Danmark	Deutsch- land	Elláda	España	France	Ireland	Italia	Luxem- bourg	Nederland	Öster- reich	Portugal	Suomi/ Finland	Sverige	United Kingdom
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Holding (x 1 000)																
1993	1 552	15	27	294	51	440	106	3	273	1	27	125	150	11	12	17
1995	1 276	13	21	239	23	301	90	3	280	1	22	112	139	7	11	13
1997	1 152	12	19	205	21	285	78	2	250	1	21	100	130	6	8	14
1999	:	11	15	:	:	236	:	:	252	0	16	86	130	5	6	12
% TAV <u>1999</u> 1993	x	-5.2	-9.8	x	x	-10.4	x	x	-1.3	x	-8.7	-6.2	-2.4	-13.1	-11.6	-5.8
% TAV <u>1999</u> 1997	x	-4.4	-11.8	x	x	-9.4	x	x	0.4	x	-13.6	-7.5	0.0	-9.1	-14.4	-7.7

Animals (x 1 000)																
1993	121 227	7 165	11 568	26 486	1 144	18 188	14 291	1 487	8 348	72	14 964	2 822	2 665	1 381	2 777	7 869
1995	117 812	7 268	11 084	24 674	916	18 126	14 531	1 542	8 063	68	14 398	3 706	2 402	1 394	2 305	7 335
1997	121 954	7 313	11 383	24 250	939	19 556	15 473	1 717	8 281	74	15 189	3 680	2 365	1 444	2 351	7 939
1999	:	7 706	11 626	:	:	22 418	:	:	8 414	84	13 567	3 433	2 350	1 493	2 115	7 010
% TAV <u>1999</u> 1993	x	1.2	0.1	x	x	3.5	x	x	0.1	2.6	-1.6	3.3	-2.1	1.3	-4.5	-1.9
% TAV <u>1999</u> 1997	x	2.6	1.1	x	x	6.8	x	x	0.8	6.3	-5.6	-3.5	-0.3	1.7	-5.3	-6.2
Average number of animals per holding																
1993	78.1	477.7	428.4	90.1	22.4	41.3	135.0	495.7	30.6	107.6	554.2	22.6	17.8	125.5	231.4	462.9
1995	92.3	557.3	517.5	103.1	39.1	60.2	161.5	514.1	28.8	121.8	643.1	33.1	17.2	189.4	214.4	545.1
1997	105.8	629.1	604.7	118.1	44.7	68.7	198.5	858.5	33.1	138.1	722.9	36.6	18.2	239.1	277.0	557.4
1999	x	703.2	750.9	x	x	95.0	x	x	33.4	187.6	825.9	39.8	18.1	307.0	351.7	573.5

Source: European Commission, Eurostat

1999 world production and trade in the principal agricultural products – The EU share of the world market

	World production (1 000 t)	World trade ⁽¹⁾ (1 000 t)	Proportion of production traded (%) (3/2) x 100	% of world trade		
				Imported by EU	Exported by EU	Net EU share of world trade ⁽²⁾ (6-5)
1	2	3	4	5	6	7
Total cereals (except rice) ⁽³⁾	1 468 979	205 035	14.0	3.0	13.1	10.2
of which: - total wheat	586 422	106 337	18.1	3.1	15.1	12.0
Feed grain (except rice) ⁽³⁾	882 556	98 698	11.2	2.8	11.0	8.2
of which – maize	605 016	69 451	11.5	3.2	0.2	-3.0
Oil seeds (by weight produced)	329 482	55 651	16.9	34.4	3.5	-30.9
of which – soya	157 783	38 771	24.6	35.9	0.1	-35.8
Wine	28 405	2 670	9.4	24.3	41.5	17.1
Sugar	134 062	39 249	29.3	4.5	13.3	8.8
Total milk	481 997	709	0.1	6.7	20.2	13.5
Butter	7 031	782	11.1	16.4	20.5	4.1
Cheese	16 092	1 234	7.7	13.0	31.9	18.9
Milk powder (skimmed and whole)	5 905	2651	44.9	3.2	32.0	28.8
Total meat (except offal)	228 547	16 028	7.0	7.6	20.4	12.8
of which: - beef and veal	56 196	5 572	9.9	7.1	16.7	9.6
- pigmeat	88 838	3 177	3.6	2.4	41.6	39.2
- poultrymeat	65 109	6 363	9.8	5.8	15.7	9.9
Eggs	53 823	469	0.9	1.8	27.6	25.8

⁽¹⁾ Exports (excluding intra-EU trade) and excluding processed products.

⁽²⁾ Net balance EU trade/world trade.

⁽³⁾ Cereals as grain; processed products excluded.

Sources: FAO

World production and production of principal beef/veal producing/exporting countries ⁽¹⁾

	%				1 000 t				% TAV
	1997	1998	1999	2000	1997	1998	1999	2000	<u>2000</u> <u>1999</u>
1	2	3	4	5	6	7	8	9	10
World	100,0	100,0	100,0	100,0	55 309	55 078	55 962	57 170	2,2
- EU-15	13,9	13,4	13,8	12,9	7 896	7 657	7 697	7 401	- 3,8
- USA	20,1	20,2	21,6	21,5	11 714	11 803	12 123	12 311	1,6
- Russia	4,1	3,8	4,0	3,7	2 394	2 247	1 868	2 126	13,8
- Brazil	9,0	9,1	11,1	11,3	5 921	5 794	6 182	6 460	4,5
- Argentina	0,0	4,0	4,7	5,1	2 712	2 452	2 653	2 900	9,3
- Uruguay	0,8	0,8	0,8	0,8	454	449	458	453	- 1,1
- Australia	3,8	3,8	3,6	3,5	1 810	1 955	2 011	1 988	- 1,1
- New Zealand	1,1	1,0	1,0	1,1	646	634	561	623	11,1
- Peop. Rep. China	7,3	7,6	8,4	8,8	4 105	4 485	4 711	5 023	6,6
- Canada	2,6	2,7	2,2	2,2	1 076	1 148	1 238	1 260	1,8
- Mexico	2,5	2,8	2,5	2,5	1 340	1 380	1 401	1 415	1,0
- Colombia	1,2	1,2	1,3	1,3	763	766	724	754	4,1
- Poland	0,8	0,8	0,7	0,6	429	430	385	341	- 11,4
- India	2,4	2,4	2,5	2,5	1 378	1 401	1 421	1 442	1,5
- Japan	0,9	0,9	0,9	0,9	530	529	540	534	- 1,1
- South Africa	0,8	1,1	0,9	1,0	484	518	553	590	6,7
- Switzerland	0,3	0,3	0,3	0,2	152	147	146	131	- 10,3
- Hungary	0,1	0,1	0,1	0,1	55	47	45	45	0,0
- Norway	0,2	0,2	0,2	0,2	89	91	91	93	2,2

⁽¹⁾ Net production.

Sources: FAO and other international organizations (GATT)

APPENDIX 4

THE OIE AND ANIMAL WELFARE

The World Organisation for Animal Health, or OIE (“Office International Des Epizooties”) is an intergovernmental organisation set up under the International Agreement of 25 January 1924, which was originally signed in Paris by 28 countries. By May 2001, the OIE had a total [158 members](#).

It operates under the authority and supervision of an International Committee comprising delegates designated by the contracting governments - on the egalitarian basis of one delegate per country. The Committee at least once a year.

Several third countries indicated as main animal welfare requirements recommendations on the protection of animals during transport from OIE (Office International Des Epizooties). It should be noted that the OIE’s current *International Animal Health Code* (10th Edition - 2001) contains a section devoted specifically to the protection of animals during transport.

The OIE Code provides guidelines and recommendations on the following aspects:

- general principles to be observed common to all forms of transport;
- special considerations according to methods of transport;
- general recommendations on air transport.

RESOLUTION No. XIV

Animal Welfare Mandate of the OIE

(Adopted by the International Committee of the OIE on 29 May 2002)

CONSIDERING THAT

At the 68th General Session in May 2000 the International Committee examined and approved the OIE Third Strategic Plan,

At the 69th General Session in May 2001 the International Committee adopted the Director-General's Work Programme to implement the recommendations of the Third Strategic Plan for the period 2001–2005. The Work Programme indicated that new areas identified in the Third Strategic Plan would be given special attention,

An OIE Ad hoc Group on Animal Welfare met from 2 to 4 April 2002 and drafted recommendations for the consideration of the International Committee concerning the scope of OIE involvement in the area of animal welfare, priorities for the OIE and a *modus operandi*,

This Ad hoc Group noted the OIE's 75-year history of achievement as the international reference organisation for animal health with an established infrastructure and international recognition. Recognising the essential link between animal health and animal welfare, the Ad hoc Group believed that the OIE was well placed to provide international leadership on animal welfare,

THE COMMITTEE

RECOMMENDS THAT

1. As animal welfare is a complex, multi-faceted public policy issue that includes important scientific, ethical, economic and political dimensions, the OIE develop a detailed vision and strategy to incorporate, balance and take account of these dimensions.
2. The OIE then develop policies and guiding principles to provide a sound foundation from which to elaborate specific recommendations and standards.
3. The OIE establish a Working Group on Animal Welfare to coordinate and manage animal welfare activities in accordance with the tasks listed below, and the Working Group advise on specific tasks to be carried out by Ad hoc Groups.
4. In consultation with the OIE, the Working Group develop a detailed operational plan for the initial 12 months, addressing the priority issues identified.
5. The Working Group and its Ad hoc Groups consult with non-governmental organisations (NGOs) having a broad international representation and make use of all available expertise and resources, including those from academia, the research community, industry and other relevant stakeholders.
6. The scope of OIE involvement in animal welfare issues be grouped into the following:

- animals used in agriculture and aquaculture for production, breeding and/or working purposes,
- companion animals including ‘exotic’ (wild-caught and ‘non-traditional’) species,
- animals used for research, testing and/or teaching purposes,
- free-living wildlife, including the issues of their slaughter and trapping,
- animals used for sport, recreation and entertainment, including in circuses and zoos,

and that, for each group, in addition to essential animal health considerations, the topics of housing, management, transportation and killing (including humane slaughter, euthanasia and killing for disease control) be addressed.

7. The OIE give priority to animal welfare issues regarding animals used in agriculture and aquaculture and, regarding the other groups identified, the OIE establish relative priorities to be dealt with as resources permit.
8. Within the agriculture and aquaculture group, the OIE firstly address transportation, humane slaughter, and killing for disease control, and, later, housing and management. The OIE also consider the animal welfare aspects as issues arise in the areas of genetic modification and cloning, genetic selection for production and fashion, and veterinary practices.
9. When addressing zoonoses, the OIE give priority to addressing the animal welfare aspects of animal population reduction and control policies (including stray dogs and cats).
10. The OIE incorporate within its communication strategy key animal welfare stakeholders, including industry and NGOs.
11. The OIE incorporate animal welfare considerations within its major functions and assume the following specific roles and functions:
 - development of standards and guidelines leading to good animal welfare practice,
 - provision of expert advice on specific animal welfare issues to OIE stakeholder groups, including Member Countries, other international organisations and industry/consumers,
 - maintenance of international databases on animal welfare information, including different national legislations and policies, internationally recognised animal welfare experts, and relevant examples of good animal welfare practice,

- identification of the essential elements of an effective national infrastructure for animal welfare, including legislation/legal tools and the development of a self-assessment check list,
 - preparation and circulation of educational material to enhance awareness among OIE stakeholders,
 - promotion of the inclusion of animal welfare in undergraduate and post-graduate veterinary curricula,
 - identification of animal welfare research needs and encouragement of collaboration among centres of research.
-

APPENDIX 5

PROTECTION OF FARM ANIMALS: MAIN EU LEGISLATION

Farming:

- Council Directive 1999/74/EC of 19 July 1999 laying down minimum standards for the protection of **laying hens** - Official Journal L 203, 03.8.1999 p. 53 – 57
- Council Directive 98/58/EC of 20 July 1998 concerning the protection of **animals kept for farming purposes** - Official Journal L 221, 08.8.1998 p. 23 – 27
- Council Directive 97/2/EC of 20 January 1997 amending Directive 91/629/EEC laying down minimum standards for the protection of **calves** - Official Journal L 025, 28.1.1997 p. 24 – 25
- Council Directive 91/629/EEC of 19 November 1991 laying down minimum standards for the protection of **calves** - Official Journal L 340, 11.12.1991 p. 28 – 32
- 97/182/EC: Commission Decision of 24 February 1997 amending the Annex to Directive 91/629/EEC laying down minimum standards for the protection of **calves** - Official Journal L 076, 24.02.1997 p. 30 - 31
- Council Directive 91/630/EEC of 19 November 1991 laying down minimum standards for the protection of **pigs** - Official Journal L 340, 11.12.1991 p. 33 – 38
- Council Directive 88/166/EEC of 7 March 1988 complying with the judgement of the Court of Justice in Case 131/86 (annulment of Council Directive 86/113/EEC of 25 March 1986 laying down minimum standards for the protection of laying hens kept in battery cages) - Official Journal L 074, 19.03.1988 p. 83 – 87
- 78/923/EEC: Council Decision of 19 June 1978 concerning the conclusion of the **European Convention for the protection of animals kept for farming purposes** – Official Journal L 323, 17.11.1978 p. 12 – 13

Transport:

- Council Directive 91/628/EEC of 19 November 1991 on the protection of animals during transport and amending Directives 90/425/EEC and 91/496/EEC - Official Journal L 340, 11.12.991 p. 17 – 27
- Council Directive 95/29/EC of 29 June 1995 amending Directive 90/628/EEC concerning the protection of animals during transport - Official Journal L 148, 30.6.995 p. 52 – 63
- Council Regulation (EC) No 1255/97 of 25 June 1997 concerning Community criteria for staging points and amending the route plan referred to in the Annex to Directive 91/628/EEC - Official Journal L 174, 02.7.1997 p. 1 – 6

- Council Regulation (EC) No 411/98 of 16 February 1998 on additional animal protection standards applicable to road vehicles used for the carriage of livestock on journeys exceeding eight hours - Official Journal L 052, 21.2.1998 p. 8 – 11
- Commission Regulation (EC) No 615/98 of 18 March 1998 laying down specific detailed rules of application for the export refund arrangements as regards the welfare of live bovine animals during transport - Official Journal L 082, 19.3.1998 p. 19 - 22

Slaughter and killing:

- Council Directive 93/119/EC of 22 December 1993 on the protection of animals at the time of slaughter or killing - Official Journal L 340, 31.12.1993 p. 21 – 34
- 88/306/EEC: Council Decision of 16th May 1988 on the conclusion of the **European Convention for the protection of animals for slaughter** – Official Journal L 137, 2.6.1988 p. 25

APPENDIX 6

EU SUBMISSION TO WTO ON ANIMAL WELFARE AND AGRICULTURAL TRADE

In order to highlight the issue of animal welfare, the EU made the following submission in June 2000 to the special session of the WTO's Committee on Agriculture. The aim of this paper is to ensure that the liberalisation of trade does not undermine EU efforts to improve the protection of farm animals.

G/AG/NG/W/19

28 June 2000

EUROPEAN COMMUNITIES PROPOSAL

ANIMAL WELFARE AND TRADE IN AGRICULTURE

Introduction

Animal welfare is an issue of growing importance, notably in the European Community (EC). The European Commission is currently finalising a Report which analyses the provisions on animal welfare in non-EC countries which supply the EC with live animals and animal products. The information received from non-EC countries demonstrates that animal welfare is not only an "EC concern".

There is an increasing awareness among consumers and producers about the effects that breeding and farming techniques may have on animals, on their health and welfare and, not least, on the environment. More and more, consumers claim their right to make informed choice between products, including products produced to different welfare standards. To enable them to make such a choice they want to be informed about how farm animals are kept, transported and slaughtered. The producers, on whom such demands are made, want a stable and coherent basis on which to provide such information.

The EC has progressively adopted a body of legislation on the protection of animals, covering farming, transport, slaughter and experimentation. The EC and its Member States have also played a pro-active role in the development of international conventions for the protection of animals (e.g. during international transport, kept for farming purposes, for slaughter, for experimental and scientific purposes).

The objectives of the European Community:

Ensuring that trade does not undermine our efforts in improving the protection of the welfare of animals:

The EC believes that there are limits to the ways in which it should produce its food. The EC has established such limits in its legislation, in many cases based on the work of international conventions such as the Council of Europe. Many other countries have also established legislation in such areas. But there is a growing concern along consumers, producers, as well as welfare organisations, that while the WTO is working to enhance the framework for the liberalisation of international trade, which is the primary purpose of the WTO, the WTO does not provide a framework within which to address animal welfare issues. They particularly fear that in the absence of such a framework, animal welfare standards, notably those concerning farm animal welfare, could be undermined if there is no way of ensuring that agricultural and food products produced to domestic animal welfare standards are not simply replaced by imports produced to lower standards.

Different countries have varying cultural and ethical attitudes towards animals, and husbandry practices. The impact of high animal welfare standards on the relative competitiveness of their agriculture may be very different.

As a consequence, when a country provides for animal welfare standards that go beyond those applied by other trading partners, this can have a number of effects. Consumers may not be provided with coherent information on the welfare standards to which imported products are produced, and domestic producers may be economically disadvantaged.

This is why the EC believes that there is a genuine need to discuss animal welfare in the WTO context. The questions are real, whether from consumers or producers, and the WTO, as the leading international trade organisation, must be ready to address these questions. Given the interrelationship between animal welfare measures and international trade in agriculture and food products of animal origin, the EC considers that this issue must be addressed in the negotiations on agriculture within the framework of Article 20, while not excluding that animal welfare should be considered under other aspects of the WTO.

Avoiding trade protectionism:

The objective of the EC in raising animal welfare issues in the context of the WTO negotiations is not to provide a basis for the introduction of new types of non-tariff barriers.

The European Community has been and is often strongly criticised for referring to animal welfare. The EC is accused of hidden protectionism, and yet the EC no more applies its domestic animal welfare rules to imports from other WTO Members than other WTO Members. Where the EC has openly taken a different stance, is in drawing attention to the need to address the question of animal welfare within the WTO.

The EC is the world's second largest exporter of agriculture and food products, and the EC has no interest in allowing WTO members to adopt unjustified non-trade barriers. Our objective is to promote high animal welfare standards, to provide clear information to consumers, while at the same time maintaining the competitiveness of the EC farming sector and food industry.

Some of our competitors argue that the EC is trying to have established in the WTO provisions that could allow WTO members to refuse imports of animals and animal products from countries which did not apply the same welfare legislation as they do. Such an approach could end up dividing the world into different trading blocks, with exporters matching their animal welfare legislation to that of their principal import markets, and possibly some importers adopting high animal welfare standards for protectionist reasons. This is not what we are aiming at, as this would not further animal welfare.

Equally, the EC does not want to turn back or neglect the need to use trade to improve world prosperity, in particular the prosperity of the least developed countries. The EC is the world's biggest importer of agricultural products, from a vast range of countries, including many developing and least developed countries. We fully recognise the role of trade in helping to raise human living standards in developing countries. We only want to ensure that the process of liberalising world trade supports what we are building in the EC about the protection of animals.

In practice, our concerns with animal welfare are most acute in relation to highly-intensive and industrialised production methods for certain species, in particular poultry and pigs. This type of production is most often found in developed rather than developing and least developed countries.

Several ways of addressing the issue in the WTO framework:

The issue of animal welfare is a complex issue, which is at the crossroads of economic, ethical, animal health, public health, food production and legal issues. It is evident that the importance attached to animal welfare varies amongst WTO members. Nevertheless, the fact that animal welfare is an emerging trade issue has been recently acknowledged by the OECD, and the international conventions already in place and ongoing work within the Organisation des Epizooties confirm this.

We fully recognise the complexity of this issue, and the fact that each WTO member has the right to choose its own animal welfare measures adapted to their own circumstances. Nevertheless, the impact of trade liberalisation on animal welfare, in particular the welfare of farm animals and the transport of live animals, cannot be denied. WTO members should not hamper trade in agriculture and food products because of animal welfare. But equally, it is important to secure the right of those WTO members that apply high animal welfare standards to maintain them.

The existing WTO Agreements (Agreement on the application of Sanitary and Phytosanitary measures, the Agreement on Technical Barriers to Trade, and Article XX of GATT, as well as Article 20 of the Agreement on Agriculture) already provide a basis on which some of the issues related to animal welfare can be discussed. However, we are of the view that animal welfare should be globally addressed in a consistent manner within the WTO. The debate in recent times has shown very clearly the need to establish common ground and understanding on this important issue. That is why the EC wishes to raise animal welfare as an important non-trade concern in the current negotiations.

There are a number of ways in which animal welfare could be addressed. These are not mutually exclusive, and an outcome could be envisaged which encompasses a combination of a number of actions. These include:

- the development of multilateral agreements dealing with the protection of animal welfare. This approach would be facilitated by the achievement of greater legal clarity on the relationship between WTO rules and trade measures taken pursuant to provisions of multilateral animal welfare agreements;
- appropriate labelling, compulsory or voluntary, as provided for under Article 2.2 of the TBT Agreement, could facilitate the wish of consumers to make an informed choice as regards food products, whether domestically produced or imported, including as regards the production conditions, e.g. products produced in compliance with certain animal welfare standards;
- high animal welfare standards can increase costs to producers over and above any possible increased returns from the market. Trade liberalisation can exacerbate this effect and lead to unequal conditions of competition, and even to drive down welfare standards in exporting countries. This could fuel opposition to trade liberalisation and the WTO. It may therefore be necessary to consider whether it would be legitimate to provide for some sort of compensation to contribute to the additional costs where it can be clearly shown that these additional costs stem directly from the higher standards in question. For any such compensation to be acceptable, it would have to have no or at most minimal effects on trade and production.

To conclude, the EC believes that detailed examination of the approaches set out above would allow WTO members to develop an approach to address adequately the issue of animal welfare within the WTO, without conflicting with the long-term objective of trade liberalisation in agricultural and food products. The EC's work on animal welfare is continuing, and the EC reserves its right to make further submissions in the light of developments.

APPENDIX 7

EC SUBMISSION TO THE DECEMBER 2001 INFORMAL SESSION OF THE WTO SPECIAL COMMITTEE ON AGRICULTURE

MANDATORY LABELLING FOR AGRICULTURAL PRODUCTS

Note by the European Communities

1. The question of labelling of food and agricultural products whose objective is to provide information and protection of consumers is of growing interest and importance to many WTO members. Labelling in general has been discussed several times mainly, but not exclusively, in the TBT Committee. As Article 1 of the TBT Agreement specifies that agricultural products are subject to its provisions, it is appropriate in the context of the Article 20 negotiations on agriculture to examine developments on this issue under the TBT Agreement to see to what extent existing rules need clarification. The fact that this paper deals only with mandatory labelling in the context of the TBT Agreement is merely in order to focus on this type of labelling and should not be construed as implying a policy preference for mandatory over voluntary labelling nor that other WTO Agreements, like the SPS Agreement, may not be applicable to labelling requirements in certain specific circumstances.
2. The aim of clarifying TBT rules as they pertain to mandatory labelling should be to ensure that members can pursue their legitimate policy objectives, including relevant agriculture non-trade concerns, through labelling requirements for food and agricultural products, thereby supporting market led, least trade restrictive approaches to international trade. At the same time, clarification should avoid creating scope for allowing mandatory labelling to be applied in a way which would constitute a means of arbitrary or unjustifiable discrimination between members or a disguised restriction on international trade. Clarification should, therefore, be sought in full conformity with the basic concepts and principles of existing WTO agreements and should incorporate the relevant findings of WTO dispute settlement bodies. Moreover, clarification should neither add to nor diminish the basic rights and obligations of members, and should take into account, to the fullest extent possible, the needs of developing and least developed participants.
3. While this paper focuses on issues under TBT provisions, it is important not to lose sight of the close links between the WTO and the discussions in other relevant international fora in this field, such as the *Codex Alimentarius*. Where international standards for labelling of food and agricultural products exist, they should provide the basis for national labelling schemes in accordance with the provisions of the TBT Agreement. Accordingly, the EC continues to support efforts for the development of multilateral guidance on mandatory labelling for food and agricultural products. Whilst such work is ongoing, it is nevertheless important to clarify the situation regarding in particular the relationship between TBT rules and mandatory labelling schemes.

4. From the EC perspective, there are some developments since the TBT Agreement was concluded which may be relevant to this issue:
- (a) The right of consumers to be fully and accurately informed is now more easily and widely acknowledged. Consumer demands for a broad range of information relating in particular to food and agricultural products has substantially increased in nearly all WTO members.
 - (b) The Appellate Body in its report of 12 March 2001 on “EC – Asbestos”, while considering for the first time some provisions of the TBT Agreement, in particular the definition of ‘product characteristics’ in relation to technical regulation, refrained from ruling on the claims based on Article 2 of the TBT Agreement, leaving still untested the interpretation of the provisions of this Agreement. However, the same report confirmed consumers’ tastes and habits as a general criterion for determining the ‘likeness’ of a product. Providing accurate and full information through labelling requirements may, therefore, be essential in allowing consumers to make an informed choice. Consumers perceive this information aspect as particularly important and sensitive for food products. Such labelling may also avoid consumer deceptive practices. Mandatory labelling schemes will, therefore, allow WTO members to set the level of consumer information and the level of enforcement they wish to achieve by their laws and regulations in their territory in conformity with the TBT Agreement.
 - (c) It appears increasingly necessary to dispel a misperception in some quarters that TBT rules could represent an obstacle to governments to address, via information tools such as labelling requirements, fundamental societal values or concerns relating to the way agricultural and food products are produced, processed and marketed.
 - (d) Similarly, concerns expressed in particular by some developing countries over the potentially negative effect of mandatory labelling schemes on trade, would also need to be addressed.
5. It was against this background that the EC in its comprehensive negotiating proposal called for the development of labelling schemes relating to the production and processing of food and agricultural products in order to meet consumers’ concerns and to ensure that these schemes are appropriately covered by the WTO.

The EC proposes the following guidelines for the introduction of labelling requirements, which it believes to be consistent with Article 2 of the TBT Agreement.

- (a) Firstly, the right of WTO Members to choose a level of consumer information and protection as regards the characteristics and the production and processing methods of food and agricultural products should be maintained.
- (b) Depending on the level of consumer information and law enforcement chosen by a TBT member, mandatory labelling schemes for food and agricultural products can be the least trade restrictive alternative and they should also be presumed not to create as such an unnecessary obstacle to international trade.

- (c) WTO members should ensure that, at all stages, the creation of a mandatory labelling scheme is conducted in a transparent manner, in particular the drafting of criteria and the operation of schemes. All interested parties should have the opportunity to be involved in a meaningful way as early as possible.
 - (d) Whilst the details of a mandatory labelling scheme depend on the particular agricultural product or category of products to which it applies, it would need to be able to provide information to consumers on the characteristics of a product, its process and production methods, including ways animals or plants are reared or grown, the organic or non-organic nature of the production process, the modified properties of agricultural products, etc.
6. As regards the problems that labelling measures concerning food and agricultural products may pose for developing countries, the EC believes that:
- (a) appropriate mandatory labelling schemes for food and agricultural products could actually facilitate trade and improve market access, by reinforcing transparency and consumers' confidence and, thus, increasing the overall commercial value of products.
 - (b) aid to developing countries for the development of regulatory initiatives in the field of labelling for food and agricultural products should be considered as an important element of development assistance.
7. To conclude, the EC believes that it is important for Members to reach a common understanding, interpretation or guidance on the criteria and guidelines for the implementation of mandatory labelling requirements in respect of food and agricultural products, as described under paragraph 5 above.
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LIST OF ABBREVIATIONS

AoA	Agreement on Agriculture
CAP	Common agricultural policy
EC	European Community
EU	European Union
FAO	Food and Agriculture Organisation
GATT	General Agreement on Tariffs and Trade
LEAD	"Livestock, Environment and Development"
MTR	Mid-Term Review of the Common Agricultural Policy
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
OIE	International Office of Epizootics
SCAHAW	Scientific Committee on Animal Health and Animal Welfare
SPS	Sanitary and Phytosanitary Standards
WTO	World Trade Organisation