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Environment, Food and Rural
Affairs Committee

The Welfare of Laying Hens Directive— Implications for the egg industry

Ninth Report of Session 2010–12

Volume II

Additional written evidence

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Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

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List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/efracom)

	<i>Page</i>	
1	Compassion in World Farming	Ev w1
2	Dr A (Lou) Marsden	Ev w3
3	Martin Morrison	Ev w4
4	JR Clark and Sons	Ev w5
5	Professor CJ Nicol, Professor of Animal Welfare, Bristol University	Ev w6
6	Good Food for our Money Campaign	Ev w7
7	Bennett's Eggs	Ev w8
8	Kinswood Eggs	Ev w8
9	British Hen Welfare Trust (BHWT)	Ev w9
10	Roy Kerr	Ev w11: Ev w12
11	M B Crocker Ltd	Ev w13
12	Manor Farm Eggs	Ev w13
13	Scottish Egg Producer Retailers Association (SEPRA)	Ev w13
14	National Farmers' Union (NFU)	Ev w14
15	UK Egg Producers Association Ltd (UKEP)	Ev w16
16	The Co-operative Group	Ev w17
17	Martin Peaty	Ev w18
18	NFU Cymru Poultry Board	Ev w18
19	British Free Range Egg Producers Association (BFREPA)	Ev w19

Written evidence

Written evidence submitted by Compassion in World Farming

SUMMARY

1. Some UK farmers fear that egg producers in other Member States will be given extra time to phase out battery cages. That is most unlikely to happen. The European Commission, the EU Agriculture Council and the European Parliament have all made it clear that they are opposed to any postponement.

2. UK farmers are concerned that, after 1 January 2012, they will be undermined by the import of battery eggs illegally produced in other Member States. They are, however, less vulnerable to such imports than they may think as the ban on battery cages is receiving strong support from UK supermarkets and other food businesses many of which no longer sell or use battery eggs.

3. Defra suggests that one way of protecting UK producers might be an intra-EU trade ban. However, there is no need for legislation to introduce an intra-EU trade ban as such a ban is in effect already in place. Under the EU Egg Marketing Regulation battery eggs cannot be lawfully marketed anywhere in the EU from 1 January 2012. This means that the UK is legally entitled from that date not to permit the sale of battery eggs illegally produced in other Member States.

4. Defra has suggested that, as part of an intra-community trade ban, the Egg Marketing Regulation should be amended to permit, after 1 January 2012, the sale of battery eggs in the Member State of production even though such eggs will have been produced unlawfully. This could lead to the unravelling of the cage ban. Legalising the sale of battery eggs would result in farmers in countries such as Spain having little incentive to move away from battery cages.

5. We are opposed to a new code "4" being given to battery eggs after 1 January 2012 as this would legalise the sale of illegally produced eggs.

6. It is vital that the Member States and the European Commission take strong, effective enforcement action in respect of producers who still use battery cages after 1 January 2012. Defra must refuse to permit the sale of battery eggs illegally produced in other Member States after 1 January 2012.

DETAILED SUBMISSION

7. The EU ban on battery cages comprises two linked instruments: a ban on the use of battery cages and a ban on the sale of battery eggs.

IMPLICATIONS OF THE DIRECTIVE FOR THE ENGLISH EGG PRODUCTION, FOOD PROCESSING AND MANUFACTURING SECTOR

8. Farmers in the UK and the rest of northern Europe are well on course to complying with the ban on battery cages by January 2012. The French egg industry has also confirmed that it will be in compliance by January 2012. However, in certain southern and eastern EU Member States a substantial number of egg producers are behind schedule for meeting the 2012 deadline.

Will the ban be postponed or will derogations be given to certain egg producers or Member States?

9. Some UK farmers fear that egg producers in other Member States will be given extra time to phase out battery cages. That is most unlikely to happen. The European Commission has on a number of occasions made it clear that they do not intend to propose a postponement of the ban and in February 2010 the EU Agriculture Council rejected a proposal by Poland that the ban should be postponed. Moreover, the Laying Hens Directive does not give the Commission the power to grant derogations to individual Member States or producers.

10. At a stakeholder meeting organised by the European Commission on 19 January 2011, of 20 Member States that spoke only Poland wanted a postponement of the ban. The vast majority were opposed to any postponement.

11. The European Parliament's resolution of 16 December 2010 calls on the Commission to maintain the requirement for the ban to come into force on 1 January 2012 and to strongly oppose any attempts by Member States to secure a deferral of that deadline.

Support for ban from food businesses

12. UK farmers fear that, after 1 January 2012, they will be undermined by the import of battery eggs illegally produced in other Member States. They are, however, less vulnerable to such imports than they may think as the ban on battery cages is receiving strong support from UK food businesses many of which no longer sell or use battery eggs.

13. All major UK supermarkets have stopped selling battery eggs or are committed to doing so by January 2012 (see Annex for details). Several are also cage-free on the egg ingredients used in products. Many UK foodservice operators are cage-free; these include McDonald's, Pret à Manger, Starbucks, Subway, Little Chef, JD Wetherspoon and Ikea. Unilever uses only free range eggs in its Hellmann's mayonnaise. Turning to public procurement, 96 local authorities use cage-free eggs in food and meals that they provide.

DEFRA SUPPORT FOR THE EGG AND EGG PRODUCTS INDUSTRY

14. UK egg producers must be protected from the import after 1 January 2012 of battery eggs illegally produced in other Member States. We are, however, concerned by certain Defra proposals as these could undermine the EU ban on battery cages and the sale of battery eggs.

15. Defra suggests that one way of protecting compliant producers might be an intra-community trade ban and that "in practice this would mean that [battery] eggs may only be sold in the Member State of production for a limited period only". However, there is no need for legislation to introduce an intra-EU trade ban as such a ban is in effect already in place. Under the EU Egg Marketing Regulation battery eggs cannot be lawfully marketed anywhere in the EU from 1 January 2012. This means that the UK is legally entitled from that date not to permit the sale of battery eggs illegally produced in other Member States. In December 2010 the Commission stressed during a European Parliament debate that "eggs from conventional cages will not be legally marketable after January 2012".

16. We are opposed to Defra's proposal that the Egg Marketing Regulation should be amended to permit, after 1 January 2012, the sale of battery eggs in the Member State of production even though such eggs will have been produced unlawfully. This could lead to the unravelling of the cage ban. Legalising the sale of battery eggs would result in farmers in countries such as Spain having little incentive to move away from battery cages.

17. Defra suggests that the permission to continue selling battery eggs would be for a limited period only. However, once negotiations are opened the UK will not be in a position to control them and may find other Member States pressing for a lengthy period during which illegally produced battery eggs can continue to be sold.

18. Some are pressing for a new code "4" to be given to battery eggs after January 2012 to enable enriched cage and battery eggs to be distinguished. We are opposed to a code being given to battery eggs as this would legalise the sale of eggs that have been produced illegally.

19. The UK is less vulnerable to imports of illegally produced battery eggs than may be thought as only 11.5% of EU egg production (including shell eggs and egg products) is traded between the Member States. Indeed, only 2.2 % of Spanish egg production, 3% of Italian production and 3.9% of Polish production is exported to other Member States. These figures are based on a recent study produced for the European Parliament.

HOW THE EUROPEAN COMMISSION PLANS TO ENSURE COMPLIANCE WITH THE DIRECTIVE

20. The Commission has asked Member States by a formal letter to submit their national action plans for implementing the ban. The Commission's Food and Veterinary Office must inspect all behind schedule Member States in the early weeks of 2012 to assess the situation and the Commission must bring infringement proceedings against Member States that are failing to enforce the ban.

21. EU law requires egg farms to be registered and given a distinguishing number. Member States should be obliged to re-register and give a new distinguishing number in January 2012 to farms registered as operating a cage system. Re-registration would be granted only following an inspection that shows that the farm no longer uses battery cages. Such a requirement for re-registration will prevent farmers from continuing to operate if they still use battery cages.

February 2011

See Annex setting out the position of major UK retailers:

Position of UK retailers regarding battery cage ban

Company	Shell eggs	Egg ingredients
Sainsbury's	Cage-free	Cage-free by 2012 on own label products
Marks & Spencer	Free range	Free range on own label products
Waitrose	Free range	Free range on own label products
Co-op	Free range	Free range on own label products
Morrisons	Free range on own label	Free range on egg ingredient in their 'The Best' premium range
Tesco	Is replacing battery eggs with enriched cage eggs	Free range on own brand pasta & mayonnaise
ASDA	Plans to replace battery eggs with enriched cage eggs	

Written evidence submitted by Dr A (Lou) Marsden

EFFECTS ON BIRD WELFARE

The effects of this legislation is catastrophic in terms of animal welfare insofar as the amount of suffering by hens in the whole EU is increasing, which is contrary to what was expected by those responsible. This statement is based on the increased mortality associated with the move to free range and organic systems. Published figures for mortality over one laying cycle are:

	<i>Traditional Cage</i>	<i>Free Range</i>	<i>Free Range Organic</i>
National Farmers' Union	5%	8%	
British Free Range Egg Producers Association		7%	8%

As designer of the ADAS "Eggcheque" budgeting and monitoring Program in the late eighties, I have good reason to doubt the free range and organic figures, where recorded mortality does not match the difference between birds started and birds counted on disposal. The large number articles on veterinary subjects and treatments for named ground borne parasites in "The Ranger" suggests that there are serious problems in addition to feather pecking and cannibalism. Since peck order was virtually eliminated in the conventional small cages, there was no need for beak trimming. My conversations with free range producers suggests that few are obtaining consistent performance data. Assuming that there are some 14 million birds on free range and organic systems with an increased mortality of 3% over conventional cages, the change to free range is causing an extra 420,000 birds to die each year. Since most of the mortality follows a period in which the birds can be seen to be suffering. My personal estimate is that somewhere close to one million birds per year are suffering from disease though many do not actually die. This would account for the lower price being paid by hen processors for free range hens.

EFFECT OF MARKET PRICE FLUCTUATIONS

It is very difficult to apportion egg price changes as due to the "cage ban", food price movements (including GM or non-GM) and the general difficult financial situation. On balance I consider free range bird numbers have increased too quickly on the expectation of high prices generated by celebrity chefs. I noted irresponsible

optimism at BFREPRA AGM in 2009 followed by worrying levels of pessimism in 2010. A number of new free range producers had been forced out of milk production a year or two earlier, some may well go bankrupt in eggs.

The new furnished cage units appear to be thriving, though they experience little media comment. Many of these had moved from free range, or deep litter, to conventional cages several years ago. They were not willing to return to free range, because they do not accept it as a welfare friendly system. Because of their generally better egg quality, one should expect them to expand in the near future. Tesco appear to call their eggs (our best selling line).

What will happen on 1 January 2012?

Political decisions based on ill-informed public opinion have a habit of not going according to plan. It appears likely that UK producers will be close to compliance by January 2012. Some conventional cage producers will carry on till that date and then say What the Hell, I'm retiring. Had they been younger they may have tried to recapitalize to furnished colonies, but have no confidence in EU Commission or DEFRA.

If eggs from conventional cages are unmarketable on 1 January 2012, there will be trouble in other EU states, which cannot meet the deadline.

If EU relent and allow inter-state trade, the English egg producers of all types will suffer, with some free range producers actually going bankrupt.

Should there be a shortage of eggs in UK, and no inter-state trade, WTO may be upset, because they do not recognize EU welfare standards as reason for restriction of trade. My opinion is that there will be no shortage of eggs. Furnished cages will expand subject to manufacturing capacity (Unfortunately not in UK). Free range may have slight overproduction and low prices. "Organic" and "Barn Egg" systems will almost disappear.

Sorry for this rushed response to a note in Poultry World received today and my entering hospital for cataract surgery on 4 February. I expect to be available at the address below from 6 February.

February 2011

Annex

First contact with twin bird cages 1950. From 1953 at Reading University till 1978, Manager of Poultry Research Unit, Much research on cages resulting in three to four bird colonies accepted by over 90% of UK producers and consumers,

1978 ADAS Poultry Adviser, Humberside.

1983-91 ADAS Poultry Adviser, Cheshire, North Staffs, North Derbys.

Founder Committee member, British Egg Association.

Member British Poultry Federation Health & Technical Committee.

Former Member & Examiner National Poultry Diploma Board.

Former ex officio vice chair Thames Valley Egg Producers Association.

1986-87, Designed: "Eggcheque", program for ADAS clients.

1987-91 one of three ADAS members running EGGLAB, measuring egg Quality.

1954-2011 Member of Worlds Poultry Science Association.

I spent a whole career in the Poultry Industry, but never owned a bird or received any bonuses, to avoid accusations of greed. During the late fifties and early sixties many farmers entered the cage industry in UK and abroad including Russia as a result of my advice. Because of the reduction in mortality everyone was prepared to accept the conventional cage. I helped design a beak trimming machine, primarily for deep litter systems and stopped using in cage systems around 1970, because we had solved the feather pecking problem in cages.

Written evidence submitted by Martin Morrison

I am an egg producer, been in the industry for over 50 years, the last 40 in cages. My son is young and enthusiastic and we invested about four million in new colonies for about 150,000 birds in the North of England. A very big decision and a very large bank loan to secure an egg for the local population here in the North. We have importers bringing eggs into the country at about 40p a dozen even this week, as dire as the home market is, from Spain and Portugal. This is a good 20 to 25p below the cost of production here in the UK. We mortgaged our families farm built up over three generations to comply with what Brussels and the animal welfare lobby passed as a European Directive, to improve chicken welfare across EUROPE.

I remember a number of pig farmers who invested a lot of money to comply with the sow stall ban, only to be undermined by our government, and had to sell their family farms to pay the bank, even now, we have not

the sow numbers in the country as before the ban, costing the country millions, in foreign exchange. Please do not repeat history.

The new systems are a great improvement over previous generations of equipment, all my other equipment was British made, in England from a choice of manufactures, now I could not purchase anything made in this country, in fact the electronics is so hi tech engineers have to be flown in from Germany to sort out any electrical problems, if it cannot be sorted over the internet. This in less than 15 years. Do NOT sell out your egg producers in the same way, for over the next 15 years you will need ever productive asset in the country to feed this nation, the world is moving on, whether we are on board or not the world will not care, but my northern customers may still need a local egg, if he is offered a cheap ILLEGAL Spanish egg next year in 2012 after the ban, do not expect a local egg in the North of England in 2013 for there are only three of us left, all of which have mortgaged their farms to the max to comply, we have done our bit now you must do yours and uphold the LAW, of does anarchy prevail?

February 2011

Written evidence submitted by JR Clark and Sons

My Company has been involved in the production, packaging and sale of hen eggs for over forty years. We are based in Bradford West Yorkshire and employ six people including myself. I have written various letters to Mr Cameron and Mr Clegg outlining the serious implications of the directive on my business and my employees with only the most basic of response. I recently had a meeting with my local MP Mr David Ward (Lib Dem) who took note of my concerns and has recently replied in writing. As things stand, on the 1 January 2012 I will have to cease egg production and make all of my workers redundant at my expense. This is something that I do not want to do.

We have managed to make a reasonable living from egg production even during some very tough economic circumstances. The reason we survive is because we try and keep our overheads low. For us to convert all our existing buildings to comply with the new regulations would cost us between £250k and £300k which is money that we simply do not have, unless we were to approach our bank who would ask for our home as security. This for us would mean a huge loan, which in my mid 50's., I simply do not want to do.

In my previous correspondence I have outlined the gross unfairness of the Grant Aid being given to the devolved regions ie Scotland, Wales and Northern Ireland. For their farmers to receive up to 50% Grant Aid for their new poultry units and for England to get nothing is ridiculous to say the least. How, as a small producer are we supposed to compete with such an unfair advantage? I personally am not asking for a handout but my view is that when the mining industry was deemed to be uneconomic the miners received payment for the loss of their jobs. When the trawler men were told to scrap their boats they received compensation for loss of their business and jobs.

We as farmers are as important in our own right. In my Locality there are five other family owned farms that employ between five to ten people each. All these people will lose their jobs next year if the new legislation is implemented. The committee might say "you have had twelve years to carry out the conversion to colony enriched cages", my reply to that would be that the labour government during 2003–04 said that a review of the Legislation and its impact would report in 2005–06. We as an Industry expected that because of the severe capital cost of compliance that we would get five more years to comply, ie January 2017. It was even suggested that the cage ban might not even happen. The review was not actually published until 2008, which was two years late. Because of this uncertainty not many farmers carried out any conversion work and as a result a large percentage of birds are still in conventional cages. Other EEC countries such as France, Spain and Poland have reported that they will still have up to 50% of their birds in conventional cages by January 2012. How will these eggs be tracked and traded? And, if they are made illegal the market will be left short of eggs and prices will rocket.

In conclusion I would like to state that we are a small family owned business that has operated successfully for over forty years and across three generations. We live in and employ local people from what is a socially and economically deprived area. If we have to make our workers redundant, it is unlikely that they will find employment in the current economic climate. I personally do not want Grant Aid because I believe this creates an oversupplied and distorted market which is what we have at present. It has been reported that there is a greater concentration of egg farms in Wales than in any other area in Europe because of the financial incentives given to that region. What I would like is either compensation for the loss of my business or access to the Government loan guarantee scheme which, if still available, guarantees up to 75% of the money borrowed.

I hope my submission will help the committee with some background information and if you have any further questions, please do not hesitate to contact me as I would welcome the opportunity to discuss this further.

February 2011

Written evidence submitted by C J Nicol, Professor of Animal Welfare, Bristol University

1. A baseline minimal level of animal welfare should be set through legislation. This should ensure that prolonged, severe or chronic suffering is avoided. Once a humane baseline is set, market forces enable consumers to pay for additional levels of benefit to the animal. Market forces can enable some farmers, not only to avoid suffering in their animals, but to provide those animals with positive experiences too.

2. The directive should not necessarily be seen as a step towards full free range.

2(i) Why free-range when there are other types of non-cage system? Other non-cage systems may not allow birds outdoor access but have the potential to meet all the birds' needs. There is ongoing development of good indoor but non-cage housing systems eg systems developed by Vencomatic in the NL. The importance of outdoor access for birds has probably been overstated. Many birds are reluctant to go outside even with encouragement. systems that provide sheltered, daylight but indoor areas may be better for bird welfare than free-range in many respects. They also have other benefits (reduced risks of avian flu from wild birds, reduced parasite and disease risk).

2(ii) The question could be re-phrased as "should the directive be seen as a step towards full non-cage systems"? I think that it should, but over a long timescale of at least 20 years. The full adoption of non-cage systems also requires an improved standard of management to be achieved by the UK industry. Non-cage systems are difficult to manage well and some farmers do extremely well, other much less well. non-cage systems have the potential to provide better welfare for birds than furnished cage (FC, also called enriched-cage) systems. However poor management means that this potential is currently not always realised.

2(iii) The current situation is that many aspects of bird welfare are better in FC systems than non-cage systems—as shown in one of our recent papers attached. This is mostly due to poor management of some non-cage systems.

2(iv) The directive recognises that conventional cages impose such inherent restrictions on birds that, however well managed, the system causes suffering to the birds. all the work I have done over the past 25 years supports this ban. FCs really are better than the conventional cages they replace, but they are not ideal.

3(i) The UK industry has responded well and taken the directive seriously. They have invested in FCs and it would be an undue punishment to ban FCs in the near future. However, we should be encouraging farmers to move towards non-cage systems (not necessarily free-range) in the longer term. We should recognise that FCs are better than conventional cages, but they are not ideal and may be subject to further consumer pressure/legal challenge in the future. Ultimately we should move to a situation where bird welfare is assessed directly either during lay or at the slaughterhouse, rather than just measuring dimensions of the environment. This is needed to avoid the industry taking short-cuts that compromise bird welfare.

3(ii) the welfare of birds in free-range systems would be greatly improved if naturally-lit foraging areas could be classified as part of the range. In Austria and other countries these areas are termed "winter-gardens" or "verandahs". Birds prefer indoor sheltered areas during weather that is hot, wet, windy or cold (often the case in the UK) but currently free-range farmers are reluctant to invest in covered areas as it is not clear that they would then be providing sufficient notional outdoor range-area.

4(i) The UK has led the world in the quality of its animal welfare science and in the partnerships that have developed between welfare scientists and the industry. The UK should not only adopt the directive but publicise the very high standards that many now achieve.

4(ii) An increasing number of bird welfare problems are caused by continual genetic selection for higher egg production. Current strains of birds are underweight, extremely prone to bone fractures (over 60% of birds in a flock will fracture a bone during the laying period, and this is only slightly altered by type of housing system).

5. There is a need for training for farmers to run non-cage systems effectively. Many farmers learn only by trial and error. There are no recognised qualifications and perhaps there should be. The industry sets production targets for its suppliers and advises on basic husbandry, feeding and lighting programmes, but not on broader aspects of welfare. The government could help the industry adapt by subsidising training courses (which we or others could supply).

Written evidence submitted by the Good Food for Our Money Campaign

1. SUMMARY

The Good Food for Our Money campaign, run by Sustain, believes that the *EU Council Directive 1999/74/EC: the welfare of laying hens* will provide a welcome and much needed financial boost for the British egg industry. It will also satisfy British consumer opinion which has swung against conventional egg production. Our views are:

- The Directive will reward British producers that have moved away from conventional cages.
- The Directive reflects the opinion of British consumers who have moved away from buying conventional eggs and now buy more free range and organic eggs.
- Defra must further support the British egg industry, and promote higher standards of animal welfare in egg production, by introducing compulsory standards for eggs purchased in the public sector.
- It should be noted that the welfare of laying hens in enriched cage systems is still compromised (see note 5).

2. ABOUT SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

Sustain advocates food and agriculture policies and practices that enhance the health and welfare of people and animals, improve the working and living environment, enrich society and culture and promote equity. We represent around 100 national public interest organisations (listed here) working at international, national, regional and local level.

3. THE GOOD FOOD FOR OUR MONEY CAMPAIGN

The Good Food for Our Money Campaign represents a coalition of organisations that are calling on government to introduce compulsory health, environmental and ethical standards for all public sector food. The coalition is comprised of 57 national organisations including the National Federation of Women's Institutes, the Royal Society for Public Health, the Campaign to Protect Rural England, Compassion in World Farming, WWF UK, Marine Stewardship Council and the Chartered Institute for Environmental Health. For more information about the campaign please go to:

4. IMPLICATIONS OF THE DIRECTIVE FOR THE ENGLISH EGG PRODUCTION, FOOD PROCESSING AND MANUFACTURING SECTOR

The Good Food for Our Money Campaign believes that the Directive will have a positive effect on British egg production, food processing and manufacturing sector. The ban on the production of conventional battery eggs will provide a boost for the British egg industry by steering consumers in the UK and in the EU to British eggs and egg products that have moved to production systems beyond conventional cages in accordance with the Directive and, even further, to systems with higher standards of animal welfare e.g. free range. It should be noted that the NFU has calculated that producers in the UK have already spent £400 million to meet or exceed the specifications in the Directive.¹

More widely, the consumer trend in the UK towards free-range and organic eggs has resulted in a strong supply base and supply chain for these products in this country. Market data from 2008 show that 47% of the UK egg market is for non-caged eggs, and that sales of free range eggs grew by 12% on the previous year—a trend that has continued.²

Concern about animal welfare standards in conventional caged systems has been largely responsible for the swing in British consumer opinion resoundingly against caged eggs. This is reflected in the fact that Sainsbury's, Marks & Spencer, Waitrose and the Co-op have already taken action and banned the sale of caged eggs from their stores.

5. ENRICHED CAGE SYSTEMS

It should be noted that the welfare of laying hens in enriched cage systems is still compromised. Hens in enriched cages are still not fully free to dust bathe, peck or lay eggs in a natural way. A barn or free-range system is the only way to ensure hens can fully express their natural behaviour.

6. DEFRA SUPPORT FOR THE EGG AND EGG PRODUCTS INDUSTRY

It is crucial that government leads by example by purchasing eggs in the public sector that promote animal welfare and support British farmers. To ensure this, the Department of Environment, Food and Rural Affairs (Defra) must introduce a requirement that prohibits all public sector institutions from buying eggs that do not meet the standards in this Directive and requires them to instead buy more barn and free range eggs.

¹ <http://www.nfuonline.com/Your-sector/Poultry/News/Support-British—good-eggs-,-urges-Kendall/>

² TNS figures produced for the British Egg Information Service.

A Good Food for Our Money Campaign investigation in 2009 found that nine out of ten eggs purchased in the public sector are from caged hens.³ This should be considered in the context that 63% of people in the UK would prefer their local council to use eggs from cage-free hens.⁴

February 2011

Written evidence submitted by Bennett's Eggs

We have been egg producers and suppliers for over 46 years, we have a flock of 25,000 laying hens in conventional cages and 600 in free range. We deliver eggs locally within a fifteen mile radius and have over 600 wholesale customers. Onsite we have a farm shop selling nothing but eggs, during a normal week we will see over 400 customers passing through our doors, unfortunately in January when the ban comes in our shop will have no choice but to close.

Bennett's Eggs is a small family run business consisting of myself, my wife and her sister, but we also employ 10 members of staff full and part time, all of whom will have to be made redundant on 1 January 2012. Our farm is sited on green belt land therefore it cannot be sold for building and in effect we will have no business to sell, no income but we will still be expected to find redundancy pay for our staff. Our farm is set in four acres of land so unfortunately it unrealistic for us to have free range. I looked into the possibility of replacing our current conventional cages with those of the new enriched cages however the outlay would have been in excess of half a million pounds, I am now 65 years of age and would find it virtually impossible to find a bank that be willing to lend me that amount of money however I am not in a possession to retire as I have got two children still of school age who are dependent of me and the income that the business provides for the family.

When the miners and trawler men were losing their livelihoods due to legislations, the British government stepped in and helped the people effected financially, so why is it that egg producers are not been offered the same kind of assistance?

7 February 2011

Written evidence submitted by Kinswood Eggs

We have been egg producers since 1970 in West Sussex. We are in the process of destroying £4 million worth of cage equipment and replacing it with enriched cages. This investment has only been secured by using our farm as security with our bank. As a result we now have much greater borrowings than at any time in our 40 year history. We started this investment in good time back in December 2009. The works will be completed in August 2011. During this time we have had to contend with reduced production from our farm with the associated loss in revenue. It is vital that we are not put at a competitive disadvantage come 2012. Our business plans depend upon Defra implementing the Welfare Directive. We have correspondence on file assuring us that the directive would be enforced in full and on time. We lobbied hard for three or four years for an extension to allow producers such as ourselves more time to phase in the investment. On every occasion we were told that there would be no movement and that all hens must be out of conventional cages by 1 January 2012. So we approached our bank and secured the funding necessary. Obviously we now cannot compete with eggs from producers either in the UK or elsewhere in the EU producing eggs to lower welfare standards and without our level of bank borrowings. We are not asking for anything other than the directive to be implemented as we were told it would be by Defra.

But I would like to emphasise our position as an egg producer that has heavily invested in enriched cages over the last 12 months or so. We believe that neither home produced nor imported eggs from ANYWHERE else, laid by hens kept in conventional cages, should be allowed to be sold in the UK from 1 January 2012.

February 2011

³ The figure quoted is based on Compassion in World Farming's "Good Egg Award" project where, in 2009, 40 local authorities had declared themselves "cage free" from a total of 468 local authorities in the UK. This does not include hospitals, which have responsibility for their own food procurement.

⁴ YouGov poll, June 2010.

Written evidence submitted by the British Hen Welfare Trust (BHWT)

The British Hen Welfare Trust (BHWT) is a national charity that encourages support for the British egg industry. Its ultimate aim is to see consumers and food manufacturers buying only UK produced free-range eggs, resulting in a strong British egg industry where there is a willingness to continue to improve welfare standards for laying hens.

The British Hen Welfare Trust (BHWT) supports British egg farmers farming to high welfare standards, and wishes to see farming remain strong in the UK where there is a willingness to continue to improve welfare standards for laying hens.

We support the EU welfare of laying hen's directive but are concerned that following its implementation:

- (a) the EU will see increasing imports of egg powder from eggs laid in conventional cages in non-EU countries; and
- (b) eggs produced in non-compliant systems within the EU will continue to be used in the production of multi-ingredient foods and available to UK consumers.

To protect UK farmers from both cheaper imports, and non-compliant farmers from outside of the UK, we recommend the implementation of a production method labelling scheme for multi-ingredient foods containing eggs. Such a scheme will empower consumers with information to make informed purchasing decisions based on animal welfare, and support UK egg producers farming to higher welfare standards than non-EU farmers, and non-compliant farmers in the EU.

1. In 2004 an EU Commission report estimated 24% of EU eggs are used in food processing and a further 20% go to the food service sector. Multi-ingredient foods containing eggs are not required to be labelled with egg production method. This makes it difficult for consumers to distinguish between multi-ingredient foods containing eggs raised through different production methods.

2. Following the implementation of the EU welfare of laying hen's directive we are concerned the EU will see increased imports of eggs and egg derivatives produced from conventionally caged hens outside the EU. This trend is supported by predictions made by the International Egg Commission. Professor Hans-Wilhelm Windhorst, statistical analyst at the IEC has said "Egg production in the EU declined by 2.5% from 2002 to 2007," and warns the EU flock will continue shrinking, resulting in the EU becoming a net importer for the first time by 2012.

3. Industry figures presented by the British Egg Industry Council to the European Commission provide evidence that it is cheaper to produce egg powder in countries outside of the EU and export to Europe than to produce within the EU.

To produce a kg of whole egg powder (post 2012) in the EU is estimated to cost 533 eurocent (including production and transport). The costs in other countries (production, transport and EU Import levies) are lower (Eurocent/kg).

- Argentina = 499
- US = 529
- Brazil = 511
- India = 486

This situation has potential to be further exacerbated if talks within the WTO lead to a reduction in the import levies which would effectively make overseas production even cheaper.

4. We are concerned that the reduction in egg supply across the EU following the ban and the availability of cheaper imports of egg powder will lead food processing companies and the foodservice sector to import egg powder and multi-ingredient products containing eggs produced by hens housed in conventional cages in non-EU countries.

5. The EU egg industry estimates 29.3% of EU egg farmers will be non-compliant from 1 January 2012. This accounts for 83 million eggs per day which will no longer be marketable within the EU. It is anticipated these eggs will be graded as class B and used in processed foods.

6. The availability of non-compliant eggs and the threat of cheaper imports of egg powder produced by hens in conventional cages outside of the EU threaten the UK egg industry which has invested in excess of £400 million so far in new production systems to meet the conditions of the welfare of laying hen's directive.

7. To counteract these developments we recommend the implementation of a production method labelling scheme for multi-ingredient foods containing egg product in the UK to empower consumers with the information they require to make decisions based on the welfare of animals.

8. Empowering the consumer will have immediate benefits to the UK egg industry, providing an incentive to processing companies to source eggs from higher welfare production systems in the UK to meet consumer choice and provide themselves with a marketable advantage.

9. In 2006, the Farm Animal Welfare Council stated: “If retailers were required to label clearly the welfare status of all livestock products...it is possible that a significant switch by consumers to products produced to higher animal welfare standards would result”. In addition, euro barometer surveys on animal welfare show clear aspirational preference from the British consumer for products produced to higher welfare standards. For instance 87% of 45,000 consumers surveyed felt that food retailers do not provide enough information on welfare conditions and 89% felt that clearer labelling on livestock production methods should be provided to indicate animal welfare condition.⁵ However these preferences and aspirations can only be translated into purchase decisions if provision of transparent and clear labelling is present.

10. During a recent stakeholders meeting in Brussels, representatives of the Netherlands government proposed the implementation of “a method” for consumers to distinguish between multi-ingredient foods containing eggs from conventionally caged hens and those containing eggs from higher welfare productions systems which meet the EU directive. Therefore providing support for a production method labelling for multi-ingredient foods containing eggs at a European level.

11. A number of British retailers have already committed to using eggs from non-caged hens in their own brand products. Morrison’s, Waitrose and M&S have also expressed support to the BHWT and the BEIC for the development of a voluntary production method labelling scheme for products containing eggs in the UK.

12. Production method labelling for multi-ingredient foods containing eggs will benefit:

UK consumers

- Providing consumers with the means to easily identify higher welfare multi-ingredient products containing eggs.
- Ensuring consumers can choose to support farmers farming to higher welfare standards than non-EU farmers and non-compliant farmers in the EU.

UK farmers

- Improving consumer choice will see an increasing number of consumers demonstrating a preference for higher welfare multi-ingredient food products. This will subsequently lead to processing companies purchasing eggs from higher welfare systems and help support egg farmers farming to higher welfare standards.
- Labelling will help UK farmers to compete effectively with non-EU egg product imports.

UK retailers

- Providing an additional platform to show consumers their support for UK egg producers farming to higher welfare standards, and their commitment to improving the welfare of egg laying hens.
- Providing a marketable advantage over foods produced using eggs from conventionally caged hens.

Animal welfare

- Empowering consumers with information on the welfare standards of their foods will lead to an increase in foods containing higher welfare eggs being purchased. This in turn will provide producers with a powerful incentive to produce welfare friendly products and retailers to source them, providing farmers with the incentives to continue to improve standards of animal welfare on farms and so improve the individual welfare of egg laying hens.
- Farmers and producers agree that market success of animal welfare schemes will improve conditions for animals on the farm. Consumers play a big role in determining the extent to which conditions improve; the more animal welfare-friendly products consumers buy, the better the conditions will be for farmed animals.⁶

February 2011

Written evidence submitted by Roy Kerr

I understand that you are to look into the effects of the welfare of laying hens directive (conventional cage ban) and its effects on English egg production, surely if true this is unconstitutional, as an all party Westminster committee must represent the entire country.

The EU has constantly been bringing in new directives, and alterations to specifications for laying hens, to pacify the welfare lobby, but to my knowledge have never consulted the hens, who if happy vote with lower mortality and higher egg production, these figures are the important ones, and not the ideas of some suburban amateur with time on their hands who will not be content until agriculture reverts back to medieval forms of production, and half the population has starved to death.

⁵ Eurobarometer 229/63.2 June 2005. Attitudes of consumers towards the welfare of farmed animal.

⁶ Animal Welfare: How to make an informed choice, December 2009: http://ec.europa.eu/dgs/health_consumer/press/aw_factsheet_dec2009_en.pdf

I speak as someone with experience from old-fashioned free-range production, (which now would be soil association free range) through all the various developments in cage production, and have ended up as a dedicated modern free-range egg producer.

The current disastrous situation with egg production in this country, I am afraid is self-inflicted, in that we have complied with EU regulations completely, and believed the story of the so-called EU level playing field.

Egg producers in this country have begged and borrowed money to comply with EU regulations, and improve welfare standards for their hens, with banks and financial institutions demanding overkill security requirements, for investments that will require a decade to pay back.

All this commitment to improve welfare standards does have the effect of increasing costs, and as in this country the cost of compound feeding is higher than any other EU country, producers and packers are at an unfair advantage, they are also terrified at not being able to fulfil any orders from their supermarket customers, who demand compensation of full retail price on any non fulfilled orders, but now the supermarkets either directly or indirectly through product are sourcing from other EU countries who have maintained their cheaper forms of production.

It is absolutely essential to insist on full traceability on liquid egg, and country of origin on product, as retail organisations are increasingly stating that they use only free-range eggs in their products, this is impossible to police with liquid egg and product being sourced from other countries on a cost basis.

One other solution which might appeal to government, would be to place a 20% tax on retail organisations in this country on any imported agricultural product, if that product was available in this country, this would encourage retail organisations to source from British agriculture with our higher welfare standards, would improve the balance of payments, could not be classed as protectionism, as it would be an internal tax.

8 February 2011

Supplementary written evidence submitted by Roy Kerr

Thank you for your communication informing of the expansion of the terms of reference for your inquiry, this is an improvement but for the committee to really understand what is happening in British agriculture, and to have the clout to do something about it, the terms of the enquiry should be extended.

There are other EU countries that have not so far complied with the 2003 directive so what hope is there for the complete implementation of the 2012 directive, official figures mean very little, if there is no inspection system in the field, to monitor and enforce regulations, it should also look at the rapid growth and expansion of massive production units immediately outside the current EU, these production units appear to be partially financed from inside the EU to take advantage of the lower wages and feed costs, legislation and welfare in these countries, and it is obvious that their main intended market is inside the EU, to take advantage of the lack of border controls, and the lack of traceability of egg in liquid or product form.

An in depth survey and investigation into the egg processing and product industry is overdue, and any assistance given to this sector would benefit the shell egg market, as processing not only removes unmarketable eggs, but acts as a sluice gate to remove the surplus from the market, thereby regulating and steadying the pricing structure.

Traceability on liquid egg is now essential, with the identification on shell eggs being carried over to the product batch; this would suppress possible abuse, and facilitate prosecution if blatant abuse was found.

Eggs in product form is a steadily expanding part of the market, linked to the increasing percentage of the population that is losing the ability to cook from the raw materials.

It is obvious that some EU countries realise the value of agricultural production to their economy, and balance of payment, and companies in these countries are using the 2012 directives to expand their EU market share.

15 February 2011

Further supplementary written evidence submitted by Roy Kerr

Before your committee meeting on 2 March 2011, I have read the 13 presentations published and I was surprised by the short number as I was aware that SEPRA had submitted comments, I would like to add a few comments which might be useful at your meeting, the RSPCA stated that they estimated the cost of re-equipping with comfort cages at 11 pence per dozen, with a hen house average of 300 eggs = 25 dozen this represents £2.75 per year per hen, as the cost of comfort cages was in the region of £25.00 per hen and now £30.00 have we to assume that the 11 pence per dozen increase in cost was spread over 10 years?

M B Crocker mentioned variations in the advice on stocking densities in comfort cages, in Scotland there has been no doubt in the regulations, or there enforcement and inspection.

British hen welfare trust survey stated that consumers requested more information and clearer labelling, the information on shell egg packs is self explanatory and completely adequate—but product packaging is a very grey area.

Food retailers are stating all their products are free-range, after the recent Dioxin scare Memory Lane was approached by several processors in this country to supply free-range liquid egg, even offering to match the Dutch price and were informed by the Welsh buyer that they were not interested, the same applies to Mr Kipling.

Interestingly the tonnage of free-range liquid egg being supplied to this country from Holland would require more than their entire free-range (FR) hen population, but in Holland they classify barn, and FR as alternative system and sell as free-range, and are using this cheaper product to gain market share.

Earlier this year the major food retailers used the media to suggest there was a supermarket price war, this was a ruse and a brilliant PR move to cover the fact they were actually increasing prices/margins.

January 2010 six medium FR £1.46 (£2.92 a dozen) production cost 63 pence producer price £1.00.

January 2011 six medium FR £1.82 (£3.64 a dozen) production cost 78 pence producer price 81 pence.

This week six medium FR has been reduced to £1.58 (£3.16 per dozen) but the major packers have announced a five pence reduction in producer price, it does not require much of a calculation to realise that if this continues for a few months it will decimate the British egg industry, which is over stretched financially complying with the 2012 regulations.

It is obvious that we should not either comply or enforce EU regulations so enthusiastically as other EU countries are going to benefit.

28 February 2011

Further supplementary written evidence submitted by Roy Kerr

If you would really like to find out what is happening in the poultry industry, it would be fairly simple and the Committee would have the ability to ask the appropriate questions, the Defra statistics unit at York is extremely good and attempts to be as accurate as possible with data, but other EU countries display a fair amount of artistic licence and a considerable time delay in the release of data, plus the usual bureaucratic delay in collating information.

There are very few manufacturers of equipment for the poultry industry, and even fewer in the world for what you would term cage production, it would be extremely easy for the committee to contact these firms and request information on what type of equipment, its capacity, the country and site and ownership of the production unit, to request this information for equipment already delivered over the previous few years and for equipment forward ordered.

This information would bypass the EU bureaucratic fog, and you might be surprised at the British connection, which would explain the hesitation, and sidestepping of some of the questions at the oral presentation.

I would like to point out that the organisations invited by the committee to give evidence are all inter linked, and inter dependant on one and another for income and control of the British poultry industry.

I have also enclosed the SEPRA market report for 4 March. Which would give an indication of opinion in Scotland.⁷

15 March 2011

Written evidence submitted by M B Crocker Ltd

It is my understanding that there is a Select Committee meeting to examine the implications of the Council Directive 1999/74/EC laying down the minimum standards for the protection of laying hens.

As a English egg producer and having recently installed Colony units with the capacity to hold 630 thousand laying hens some clarification would be appreciated as to the interpretation of the aforementioned Directive.

We have contacted a reputable representative of ADAS to help us on the interpretation of Directive 1999/74/EC in its current format, he in turn advises us that each of our cages satisfies the requirements to hold 66 birds.

The representatives of Defra seem to be using the published Legal interpretation of Andrea Gavinelli, whom actually states himself on his consultation that “the views expressed may not in any circumstances be regarded as stating an official position of the European Commission”.

⁷ <http://www.scotteggs.pwp.blueyonder.co.uk>

There seems to be a lot of confusion as to how the cage area available to the hens is actually measured and what is to be included or excluded. This can have quite a significance on the poultry places within a unit, whilst not wanting to compromise the welfare of the bird on our unit alone it could result in 60 thousand places being lost.

Therefore urgent clarification is needed within the industry as to how the directive is to be interpreted

February 2011

Written evidence submitted by Manor Farm Eggs

Our family started producing eggs in 1926 and our priority has always been the welfare of our hens. In the mid 1930's my grandfather made his own cages, and from then on my father could see what a brilliant idea it was, mainly because the hens were disease free and so, produced much better. When battery cages were commercially produced in the late 1950's we gradually increased the number of hens on the farm. Since then we have kept up to date with any new legislation when it has been introduced. Our priority has continued to be the welfare of the hens, as, happy, well looked after hens lay a top quality egg.

We already have some of the colony system on the farm, and would like to convert more houses, but as the legislation for the colony system requirements was only finalised and passed in 2007 we simply have not had enough time to fully convert.

In the current economic climate, with egg prices so low and feed prices so high, we are not in a position to borrow huge amounts of money in order to comply. If imports of "illegal" egg from other EU countries is allowed it is highly unlikely that we will ever be in such a position, and if imports from Third country suppliers, with much lower welfare standards is allowed, then it will be practically impossible!

All that we are asking is for some degree of leniency in the time scale for conversion to the colony system, not just for ourselves but for other poultry farmers in a similar position, who have conversion plans but have been unable to implement them. We would of course expect that there would be government checks on our progress.

At the moment we have 10 full time employees and five part time employees, but unfortunately they will all be joining the 2.5 million unemployed if there is no hope of us carrying on in business.

9 February 2011

Written evidence submitted by the Scottish Egg Producer Retailers Association (SEPRA)

Though we believe that your original enquiry was looking at the effect of the welfare of laying hens directive on English egg production we are sure that this enquiry should show concern for the total egg production within the United Kingdom, as the Directive covers all E U States.

The main concern of all egg producers and marketeers has and still is that thought the Directive covers all egg production within the EU. It would appear that many States will not be able to comply with the Directive, and shall therefore continue to produce and market eggs produced by illegal methods.

Though SEPRA can only speak for Scottish egg producers, the effect of the Directive affects us in equal as it does for the rest of the UK.

We are a small Association with only 143 members representing mostly producers marketing their own produce.

With the impending ban on certain cages due at the end of 2011, many of our members are to give up egg production.

The consumer in the UK has, and will in future have even less, choice in her purchases of egg at the retail level and even at the farm shop.

Due to higher production costs free range eggs are more expensive to produce and consequently are more expensive at retail level. After the end of this year shoppers will not be able to source the cheaper non-free range egg.

Another concern of our Association is the distribution of liquid egg.

SEPRA were rightly concerned when the present marking of egg Regulations were introduced that they asked for the use of extra marks on eggs produced in Scotland, namely SCO. They were also granted a Patent for the use of wording to advertise the SCO.

It is believed that much liquid egg is entering the UK from companies within the EU.

This was highlighted recently when we had the Dioxin scare which had contaminated liquid egg sent from Germany to England.

One EU country is importing egg for use in breaking from USA, Mexico and Ukraine.

Traceability of liquid egg is essential.

Also it is essential that the 2012 Directive is policed 100% throughout all EU States. There appears to be quite a large difference between some countries with regards to inspector numbers. It was found some time ago that one Country had only one Inspector for a State with a layer population equal to the UK.

We believe that nearly a third of EU egg production after 2011 will continue to come from banned cages.

We strongly recommend that no egg imports, either shell or liquid, be accepted into the UK until that Country can prove that all its producers are compiling with the Directive

15 February 2011

Written evidence submitted by the National Farmers' Union (NFU)

The NFU represents 55,000 farm businesses in England and Wales involving an estimated 155,000 farmers, managers and partners in the business. In addition we have 55,000 Countryside members with an interest in farming and the country.

SUMMARY

- Difficulty of securing credit to make re-investments due to financial crisis.
- Two tier egg industry where smaller producers are unable to secure funds and rapid consolidation of the industry.
- Wastage of lifespan of existing infrastructure due to directive and potential for future wastage if further regulations are enacted.
- Concerns over implementation in other countries, there is significant evidence that a vast proportion of the flocks of some countries and 29% of all EU stocks will not meet the conditions required by the directive by 1 January 2012.
- Concerns over policing of directive as many countries are set to not meet the requirements, doubts as to the effectiveness of some country's "Competent Authorities".

THE IMPLICATIONS OF THE DIRECTIVE FOR ENGLISH EGG PRODUCTION

1. Within the UK a majority of cage housed laying hens will be in enriched colony cages by the January 2012 deadline. Significant investment has been required by egg producers to comply with the Welfare of Laying Hens Directive. It has cost British egg producers £400 million (around £25 per hen place).

2. The recent financial crisis and credit restrictions have made borrowing for reinvestment difficult and this has been further compounded by poor returns to egg producers and record high feed and other input costs.

3. Alongside the huge capital costs involved with erecting new enriched cage units there is also the associated increased cost of production. An LEI study entitled "International comparison of production costs of table eggs" (Van Horne, November 2008) showed that cost of production was +8% higher for an enriched system compared to a conventional cage.

4. The type of market commitment or confidence required for this level of investment means that those with retail contracts (limited to Lion production) or other large long term market have felt confident to invest. This has led to accelerated consolidation of the industry, with fewer producers and a much smaller independent egg industry. Smaller egg producers, supplying local markets and those with their own egg deliveries to local businesses have been unable to secure the necessary levels of finance, or garner customer commitment necessary for this long term investment.

5. The directive will mean conventional cage capital investment will be scrapped before it has reached the end of its useful life. As an indication, research carried out by the NFU in 2009 showed the average age of a broiler (meat chicken) house was 27 years. Over 45% of broiler houses ranged from 30-50 years old. It is typical for poultry farmers to get in excess of 30 years use from major infrastructural investment. By loading the cage egg industry with all its capital investment in a small time band, costs of production will be high, relative competitiveness of UK and EU egg will be compromised and existing infrastructure is being wasted.

6. The NFU is concerned future lobbying by NGO's will be focused on a ban on all cage production. The RSPCA and CIWF have both indicated this publically. There is a fear amongst producers that investment in the enriched colony cage could also be vulnerable to legislative condemnation before investment is recouped. This must not be allowed to happen.

7. Industry forecasts suggest that 29% of EU egg production will remain in conventional cages on 1 January 2012. This equates to 103.5 million laying hens or 83 million eggs a day.

8. A study completed in April 2010 commissioned by the European Parliament's Agriculture Committee on the future of EU poultry meat and egg sectors, reported that "very large" proportions of the flocks in Spain,

Poland, Italy and Greece and to a lesser extent the Czech Republic, Hungary and France are not expected to make the 2012 deadline. UK Border agency figures show that 27% of the UK shell egg imports come from Spain and 12.5% from France.

9. English egg producers have serious concerns that if the Directive is not uniformly implemented across the EU, after investing heavily in conversion to enriched cages to meet the requirements of the Directive, they will be put at a commercial disadvantage by imported non-compliant eggs and egg products from conventional cages.

10. It is the NFU's belief that the UK egg market is already being distorted as a secondary effect of the welfare of laying hens Directive. Currently we have a two tier cage market operating with those producers who are not converting running their conventional cages up to the January 2012 deadline alongside producers who have converted to enriched cages systems. Additionally there has been accelerated expansion of the free range egg sector to satisfy the predicted deficit in 2012, when conventional cages are taken out of production. While it is hard to see how this effect could be mitigated, it is another indication of the distorting effect of 2012 ban. NFU figures (derived from Defra chick placement figures) indicate that in December 2010 the national laying flock was 33.3 million birds compared to 30.2 million birds in Dec 2009. The average flock size between 2000 and 2009 was 29.5 million hens. These figures clearly indicate that normal market signals governing supply and demand are being confused and distorted. This has resulted in overinvestment and oversupply in the UK egg sector.

11. Despite current market difficulties, investment in free range production shows the determination of the UK egg industry to ensure the consumer still has access to high welfare UK egg post 2012.

HOW THE EUROPEAN COMMISSION PLANS TO ENSURE COMPLIANCE WITH THE DIRECTIVE

12. The European Commission has always stated that it is up to the individual Member State to ensure proper implementation of this legislation. This means that eggs which are not produced in compliance with the Welfare of Laying Hens Directive are not marketed according to Commission Regulation 589/2008/EC which lays down the detailed rules for the marketing standards for eggs.

13. In theory these plans are robust and each Member State should enforce the regulation and ensure only eggs from legal systems carry an official production indicator. However in practice this relies on the Competent Authority effectively enforcing legislation and we would argue that those Member States which have significant numbers of non-compliant producers have already demonstrated they cannot be relied upon to robustly enforce the directive in a timely manner.

DEFRA SUPPORT FOR THE EGG AND EGG PRODUCTS INDUSTRY

14. We are grateful for Defra's support for differentiation of compliant and non-compliant cage, which would be essential to facilitate an intercommunity trade ban. Defra must maintain its commitment, and act to ensure only eggs and egg products from legal systems, are traded within Europe and enter the UK market. We are concerned however; that there is a lack of clarity from Defra on what action will be taken in the UK.

16 February 2011

Written evidence submitted by the UK Egg Producers Association Ltd (UKEP)

UKEP is the producer organisation representing the smaller to medium-sized producer/retailers who are responsible for their own marketing and do not supply through the large packers.

Because of this, their contact with their customers is on a more local and personal basis and they are, to some extent, cushioned against some of the vagaries of the price swings of the major packers.

UKEP has its own, widely-recognised and accepted, health and welfare assurance scheme—"Laid in Britain".

Two years ago, many of our members stated that they would not be changing to any other production system and would, in fact, be going out of production at the end of 2011, with a total bird loss of some 3/4 million.

Since that time, some have gone out of production already and a few more will go by the end of the year. However, because many others decided in the end to actually change to another system and continue, the total loss will only be of the order of 136,000 birds. The majority opted for enriched cages.

As a result of over-confident promotion by the major retailers and packers on the free-range front, there are currently far too many birds in lay in that system for the market. Consequently, free-range eggs are being "hawked" at below cost of production and this is making life more difficult for cage egg producers, where market price is already tight compared to production price.

Recent large increases in feed cost have also played a significant part in cost of production. With feed being £100/tonne more than one year ago, this represents a 20p/dozen extra cost of producing a dozen eggs.

Current feed prices of some £280/tonne gives a feed alone cost of production of 55p/dozen eggs.

Those producers who have invested in enriched cages have done so at a per bird place cost of some £14. If this is depreciated over 10 years, this represents an added cost of 5.6p per dozen over what it cost to produce the same eggs in conventional cages.

This is true only if the enriched cages could be fitted into the existing houses. If not, the cost would double.

However, in spite of this extra cost, the market return will be the same as if the eggs were still being produced in conventional cages. There is no premium for enriched cages.

This, in spite of the welfare of the birds in enriched cages fulfilling the “five freedoms” desired by FAWC, RSPCA and others, some of whom still set their faces against enriched cages.

Production has been shown to be as good as, if not better than, in conventional cages and mortality is even lower, and considerably lower than alternative systems of production.

Some of our members have had “open days” for their customers to see the birds in enriched cages with nothing but positive feedback.

Producers changing to enriched cages have also had to pay the penalty of some £2-£3 per bird while the unit was empty and no egg income was being realised.

Our members, like others in the UK egg industry, will be 100% compliant with EC Council Directive 1999/74/EC by 1 January, 2012.

We, therefore, find it galling that an estimated 28% of the cage production in the rest of the EU will still be in conventional cages at that date and that there appears to be no action on the part of the Commission to take IMMEDIATE action against those not complying.

We have pushed for a Code 4 to be applied to eggs from enriched cages. We were astonished at the excuse for refusing this request by the Commission in that “it was likely to cause confusion to the consumer”.

If the consumer can already distinguish the difference between 0, 1, 2 and 3, it is insulting to suggest they are incapable of understanding a further code, especially when the system of production could be clearly explained to them.

As a result, any egg, or egg product, coming from other EU countries labelled with Code 3, will not be identifiable as coming from legal (enriched) or illegal (conventional) cages.

This is even more true with egg products than shell egg. Whilst manufacturers may ask egg product suppliers if the product is from compliant cages, what tangible guarantees can be given?

A significant amount of egg product used in the UK is in the form of powder. As no powder is produced in the UK, all this will be imported, possibly from non-compliant cages in the EU, and certainly from third countries.

There are now strong suggestions that the Commission will offer a “transition” stage for those countries who have not fully complied by January, 2012, or will offer grants to help with conversion.

We find both of these suggestions to be totally unacceptable.

Our members find it hard to swallow that the government is prepared to give £37 million to help agriculture in developing countries, but seem unwilling to protect UK egg producers against unfair competition.

Added to this, the Valuation Office are now contemplating changing rating of the egg packing section of units from agricultural to business rates if a producer packs eggs for others.

Many of our producers have formed loose groups for mutual help and cost cutting, wherein, one of the members packs for all. The Valuation Office state that in such circumstances, they must form one company, with more added expense at a difficult time and a factor not to be repeated in the rest of the EU.

Should certain countries not be fully compliant by 1 January, 2012, then we insist that NO egg imports, shell or product, be accepted into the UK, even from enriched cages, until such time as that country can PROVE total compliance.

Our producers deserve no less.

Written evidence submitted by The Co-operative Group

1) EXECUTIVE SUMMARY

1.1 High animal welfare standards are an integral part of our food business. Over the last 15 years, we have been a leading retailer in driving forward better standards in egg production, even when technically illegal. We were the first retailer to label eggs as “intensively produced”, because we wanted customers to be aware of what they were buying, in recognition of the low welfare of intensive production. We also only use free-range eggs as an ingredient. We are aware that the UK egg production industry will be compliant with the Welfare of Laying Hens Directive by 1 January 2012, but have concerns that other producers in other Member States will not be compliant. This needs to be tackled by the appropriate authorities.

2) ABOUT THE CO-OPERATIVE GROUP

2.1 The Co-operative Group is a business owned by over six million customers, not a small group of shareholders. Becoming a Co-operative Group member gives people the right to share the profits of the business and exercise their democratic control upon it. We have core interests in food, financial services, travel, pharmacy, funeral and farms. Our annual turnover is £14 billion, we employ 120,000 staff and operate over 5,000 retail trading outlets serving more than 20 million customers a week.

2.2 We are the fifth largest food retailer in the UK and the UK’s largest farmer. We have over 3,500 food stores with a presence in every postal area in the UK. We believe that customers should have access to high quality and affordable food that is produced in a sustainable way and marketed in a manner they can trust, thereby combining value with values.

3) OUR APPROACH TO ANIMAL WELFARE

3.1 High animal welfare standards are an integral part of our food business. This is a policy strongly supported by our members through a Food Ethical Policy (Appendix A), which prioritises animal welfare. Our animal welfare credentials incorporate policies on eggs, meat, fish and also a long-standing opposition to animal testing for household and beauty products. We have been publicly recognised for our policies on these issues by organisations such as the RSPCA (Royal Society for the Prevention of Cruelty to Animals), CIWF (Compassion in World Farming) and BUAV (the British Union for the Abolition of Vivisection).

4) OUR POLICY ON SHELL EGG SOURCING AND SOURCING OF LIQUID EGGS

4.1 Like most retailers, all of our eggs are produced to the standards required by the “lion code” a farm assurance system for the egg industry. But in 1994, we worked with the RSPCA to develop the Freedom Food standard, and became the first national retailer to sell RSPCA-accredited Freedom Foods when we launched “Freedom Food Free Range” eggs.

4.2 In 1995, we were the first retailer to label eggs as “intensively produced”, because we wanted customers to be aware of what they were buying, in recognition of the low welfare of intensive production. This was a technically illegal policy, but subsequently the law was changed to reflect this.

4.3 We only source shell eggs, which are reared on farms in the United Kingdom. In September 2006, we banned the sale of shell eggs from caged hens under the Co-operative brand. Since then, all Co-operative Brand shell eggs have been produced from Freedom Food, Free Range or Organic flocks.

4.4 We used to sell independently-branded eggs from caged hens in certain stores. But in 2008 we had stopped selling shell eggs from caged hens in any store in the United Kingdom.

4.5 In 2010, following a number of years’ work, we moved to using only free-range eggs as an ingredient. This means that all egg ingredients and derivatives of egg used in Co-operative own-brand products have been replaced with free range egg across the entire product range.

4.6 We were the first retailer to remove the artificial colour, Canthaxanthin, from the diets of chickens. We have now removed all artificial colours from the diets of our laying hens. The feeds which our suppliers use for our laying hens contain grass meal and marigold extract which help make a brighter yolk.

5) THE IMPLICATIONS OF THE DIRECTIVE FOR THE EGG PRODUCTION, FOOD PROCESSING AND MANUFACTURING SECTOR

5.1 We believe that the EU egg industry has had adequate time to prepare for the introduction of the legislation given the long lead-time to 1 January 2012. We have concerns that not all producers in the EU will comply with the ban by the 2012 date and as a result, around 29%⁸ of EU egg production is forecast to be “illegal” by 1 January 2012. But the adequate lead-times meant that egg producers should have been planning for the impact of this legislation and re-specifying their production systems accordingly.

⁸ Figures from the British Egg Industry Council (BEIC).

5.2 We are aware that UK processors have invested around £400 million to comply with the legislation. The UK industry, which has 80% self-sufficiency in egg production, will be placed at a disadvantage if other producers in other Member States are not compliant. UK self-sufficiency in egg production has declined in the last decade, and if non-compliance is not dealt with, it will have a detrimental impact on the competitiveness of UK egg producers and could further reduce self-sufficiency levels.

6) HOW THE EUROPEAN COMMISSION PLANS TO ENSURE COMPLIANCE WITH THE DIRECTIVE AND DEFRA SUPPORT FOR THE EGG AND EGG PRODUCTS INDUSTRY

6.1 Close to a third (as above) is a high level of non-compliance with the Directive. The Commission needs to decide exactly how this issue of non-compliance will be dealt with because the legislation will render the sale of these eggs and egg products illegal. A derogation is not good enough and rewards non-compliance. We would rely on DEFRA to make representations to ensure that the UK egg production industry is not left at a competitive disadvantage because of its compliance in comparison to other producers in other Member States.

February 2011

Written evidence submitted by Martin Peaty

I would like to ask the committee to consider the implications of a ban on battery cages for UK industry if there is not a concurrent ban on the import of foreign eggs produced using the lower welfare systems we in Europe outlaw. No controls on the import of battery eggs will mean the production is exported to countries where the battery system is operated to lower standards than in the UK. UK farming will lose and hen welfare will worsen.

February 2011

Written evidence submitted by NFU Cymru Poultry Board

THE IMPLICATIONS OF THE DIRECTIVE FOR WELSH EGG PRODUCTION

Wales probably is unique in that the significant investment to comply with the Welfare of Hens directive has been channelled into free range egg production.

Wales can now proudly boast that more free range egg production takes place per capita than any other E.U. country (Freedom Food statistic Nov2010). This production growth has been stimulated by both increasing consumer demand at retail and catering level but also by the impending conventional cage ban and subsequent production gap in the market.

There has been diversification and huge investment undertaken by traditional family farms and also new entrants into the sector. Some of these new entrants have limited and under conventional farming methods—economically unviable acreage, however free range egg production has again enabled them to become viable. Also importantly free range egg production has regenerated many rural areas.

It is estimated that in Wales alone new investment into Free range egg production amounts to over £100 million pounds.

Any egg production in any EU country non compliant to the cage ban post 1/1/2012 would undermine the viability of this huge investment by independent farmers. Confidence by finance providers would also be undermined.

However there are also concerns for this sector, as feed price and current volatile market conditions compounded by the huge weekly import of liquid pasteurised egg of dubious provenance—as highlighted by the recent dioxin scare in imported liquid egg from Germany) enters the UK.

The import of liquid egg after the ban must be scrutinised as it may be a possible route into the UK for illegally produced eggs.

Here in Wales we would call for Defra/Animal health egg marketing inspectorate to have jurisdiction instead of Port Authorities at point of entry and also to have jurisdiction for non shell egg inspection for use in the catering /manufacturing sectors. There must be clear and concise provenance/traceability at all stages of the supply chain for this product. I understand that it amounts to over 20% of egg used in the UK.

Also here in Wales Defra/Animal health have reduced the numbers of egg marketing inspectors on the ground at a time of possibly the greatest need for industry scrutiny.

Finally I feel I must state my disappointment and surprise that no primary egg producer /farming group have been asked to give oral evidence at this enquiry. It would appear that Defra have distanced themselves from the farming community, a decision which is not understandable when industry cooperation may be required in future discussions on cost and responsibility sharing.

27 February 2011

Written evidence submitted by the British Free Range Egg Producers Association (BFREPA)

INTRODUCTION

BFREPA was set up in 1991 to represent free range egg producers across England, Wales, Scotland and Northern Ireland. It has grown in size and influence over the last 20 years so that it is now estimated to represent well over half of all free range egg production in Britain. BFREPA's 520 members supply the majority of the current British retail free range shell egg market and there is a growing opportunity for British free range eggs in the liquid or egg processing sector.

Using Defra statistics, when Council Directive 1999/74/EC came into being during 2000, 19% of the eggs passing through UK packing stations were free range, which translates into just over six million birds (chick placings in 2000 = 32.46 million birds). By the end of 2010, free range egg packing station throughput was nearer 45% (not including organic or barn) which equates to approximately 15 million birds (chick placings 2010 = 34.49 million birds). This expansion has been fuelled by the growing demand from the British consumer for free range eggs and the need for the industry to adapt to the requirements of the Welfare of Laying Hens Directive. In terms of capital investment, this has conservatively cost the mostly independent free range sector more than £200 million.

It has been well publicized that investment in new colony production systems over the more recent past has also added another £400 million to the bill.

The UK egg industry has therefore prepared itself well to comply with all legal requirements when the Directive comes fully into force on 1 January 2012. In fact, considering the oversupply of eggs in the market at the moment, which is putting producers under severe price pressure, the industry perhaps has prepared itself a little too much in advance of the deadline and is suffering the consequences.

IMPLICATIONS OF THE DIRECTIVE FOR THE EGG PRODUCTION, FOOD PROCESSING AND MANUFACTURING SECTOR

It is well known within the UK egg industry, within the British Government (via lobbying and Early Day Motions), through COPA/COGECA in Europe and indeed by the EU Commission itself (reference the most recent Egg Stakeholder meeting convened by the EU Commission on 19 January 2011 and various motions for resolutions from MEPs), that egg producers in some member states are struggling to meet the 2012 deadline for conversion of their old cages to more welfare friendly egg production systems. The British Egg Industry Council estimate that around 30% or 103 million hens across Europe will still be in conventional cages on 1 January 2012, this equates to 800 million eggs a week.

HOW THE EUROPEAN COMMISSION PLANS TO ENSURE COMPLIANCE WITH THE DIRECTIVE

The EU Commission has not given any indication yet whether it will take any action to deal with this potential massive problem. In fact, it appears to be leaving all enforcement to individual member states. It is not feasible that all the eggs from these "illegal" production facilities are destroyed when the deadline comes. There would be a massive shortage of eggs across the EU which would be detrimental to member state economies and to consumers. There will, most likely therefore, be a further period of phase in for those producers that are committed to changing their production systems.

DEFRA SUPPORT FOR THE EGG AND EGG PRODUCTS INDUSTRY

What is offered to producers in other Member States in terms of support and encouragement for them to comply with the legislation is not important. However what is most important, given the investment and commitment of British egg producers, is that this investment is not undermined by shell eggs, liquid egg or egg products being allowed to come into the UK post 1 January 2012 from production units in Europe that have failed to comply with the Welfare of Laying Hens Directive.

The liquid egg and egg products sectors are probably most at risk of importing and using product from "illegal" systems, and the most difficult to police. However, it is absolutely imperative that the British Government find a way to deal with all aspects of this potential problem, as these lower welfare eggs/products will be cheaper than home produced eggs/products and will undermine the whole British egg market, dragging down prices for all eggs, whether they be colony, barn or free range.

SUMMARY

British consumers say they want higher welfare for farm animals, the UK Government and all the other EU member state governments voted in 1999 for higher welfare for laying hens. British egg producers now ask you now to back British consumers and stand up for those Government decisions.

Support the hard work of the British egg industry and keep “illegal” egg and egg products out!

16 February 2011
