

Profitable Welfare

Improving farm animal welfare

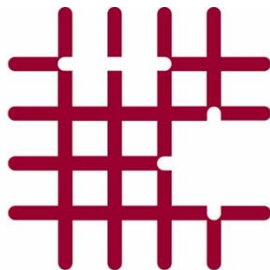
by

facilitating innovation processes

and

using market forces

RDA/2012/01



RAAD VOOR DIERENAANGELEGHEDEN

Excellence,

It is my pleasure to present to you this Opinion of the Council on Animal Affairs, entitled *Profitable Welfare*. The initiative for this Opinion was taken by my worthy predecessor, Prof Henk Vaarkamp. The idea arose shortly after the merger of the ministries of Agriculture and Economic Affairs, so it is no coincidence that this Opinion concerns agriculture, the economy and innovation processes.

The aim of this Opinion is to give new impetus to the societal issue of animal welfare in livestock farming in the Netherlands. Since 2001, when the commission chaired by Herman Wijffels published its report on the future of livestock farming, public calls for higher levels of farm animal welfare have been prominent in the public debate. Yet despite an array of commissions, covenants and reports, little structural progress seems to have been made.

The future of the strongly export-oriented Dutch livestock sector does not lie in conventional bulk production for prevailing world market prices. Rather, it lies in finding, serving and expanding market segments that place greater value on sustainability, including a high standard of animal welfare. This requires stimulating new consumer perceptions and marketing innovative products as distinct brands consistent with these new perceptions, with a view to providing economic added value for all links in the chain and without compromising on competitiveness.

The advice of the Council on Animal Affairs is markedly different from that of the earlier commissions of Wijffels (2001), Alders (2011) and Van Doorn (2011), that improvement of farm animal welfare must take place by means of *various* private 'plus' standards for animal welfare – instead of by raising the (statutory) minimum welfare standards that apply to *all* livestock farms.

Indeed, raising welfare standards in anticipation of higher European norms would almost certainly result in a competitive disadvantage for Dutch livestock farmers, who now produce mainly generic products for the European and world markets and compete based on price. Nonetheless, simply raising minimum standards in step with or via European regulations would take too long; thereby doing injustice to the broadly expressed societal wish – certainly since 2001 – for a higher level of animal welfare in the Netherlands.

The Council is not advocating further refinement of the existing livestock farming system (this time emphasizing animal welfare aspects, following earlier attempts at refinements, e.g., related to the environment and health). Rather, systemic change is proposed: a choice has to be made for other, more diverse production objectives and to serve other markets.

The Council is convinced that this transition towards differentiated production for added value can best be accomplished by stimulating private initiatives in an open market. In the open market new product concepts and production systems can and will be developed and validated in the most promising and quickest manner and with the broadest support possible.

Stimulating and facilitating innovation and early adoption of advances in the area of animal welfare will give livestock farmers opportunities to develop products to

a higher standard of animal welfare ('plus' attributes) and for which consumers are willing to pay a price premium. Moving away from a 'market based on price competition' towards a 'market based on added value', livestock production chains (from the farmer *extending to and including* the retailer) will enable producers to satisfy the societal demand for a higher level of animal welfare in the Netherlands while, at the same time, work towards a better income position.

It is the government that must create the space for this transition, but the actors in the livestock production chains are the ones that must effectuate the shift. Cooperation involving *all* parties in the chain will be essential for this, as well as providing space for smaller innovative parties and taking into consideration the international context in which Dutch livestock sector operates.

In your Memorandum on Animal Welfare and Animal Health, you indicate the Netherlands' aim to be a leader in animal welfare. The retail sector shares this ambition, as demonstrated by recent developments in the market, such as the intention expressed by Dutch retailers to adopt one 'Better Life' star as their minimum animal welfare standard. With the Dutch 'top sector policy', a suitable foundation has been laid for better cooperation. The task now is to forge these developments together into a sustainable, future-ready transformation of the Netherlands' agrifood sector. I trust with this Opinion to have given you new instruments in hand to make this possible.

Frauke Ohl

Chairperson, Council on Animal Affairs (Raad voor Dierenaangelegenheden, RDA)

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Guide for readers

Chapter 1 summarises this report's main conclusions and recommendations. Chapter 2 discusses the background and the framing of this Opinion. After this, chapter 3 deals with innovation policy in the agrifood sector and offers further recommendations regarding the direction of innovation and innovation processes. In chapter 4, market forces in the agrifood sector are addressed, and recommendations are presented related to conceptual thinking, hallmarks and certification and promotion of greater awareness. Chapter 5 concludes the report with a sketch of the Council's vision of the future, emphasizing the role of the government and how government should perform its part.

1. Summary

The future of the strongly export-oriented Dutch livestock sector does not lie in conventional bulk production for prevailing world market prices. Rather, it lies in finding, serving and expanding market segments that place greater value on sustainability, including a high standard of animal welfare. This requires stimulating new consumer perceptions and marketing innovative products as distinct brands consistent with these new perceptions, with a view to providing economic added value for all links in the chain and without compromising on competitiveness.

The Council is convinced that this transition towards differentiated production for added value can be best accomplished by stimulating private initiatives in an open market. It is in the open market that new product concepts and production systems can and will be developed and validated in the most promising and quickest manner and with the broadest support possible. Following from this, the central question of this Opinion reads:

- How can government stimulate improvements in animal welfare via market mechanisms in the various links of production chains?

The answer to this question is fivefold:

- by integrating animal welfare as a *community shared value*¹ into new product perceptions;
- by ensuring that sustainability goals, including animal welfare objectives, are clarified, strengthened and consistently reflected in policy;
- by stimulating innovation as an integral chain process;
- by working towards the realization of one well-implemented hallmark for animal welfare, which subsequently can be developed further at the European level;
- by continuing to promote higher European minimum standards for animal welfare.

Today, many innovative solutions and advances are already emerging from within the agrifood sector itself. Nonetheless, innovative 'animal welfare plus' products have generally been unable to secure a sufficiently robust market share. To change this, the primary objective of research should be shifted away from development of new technologies towards the process of production, up to and including sales and product perceptions. Moreover, scientific knowledge has to be applied more fully, for instance, with its translation for and dissemination in practice. Conflicts, whether real or imagined, need to be solved, for example, conflicts in existing innovative production systems between animal welfare, the environment and public health. Chain partners collectively utilize this knowledge to develop new products and the product perceptions that go along with them.

¹ 'Corporate policies and practices that enhance competitiveness of the company while simultaneously advancing social and economic conditions in the communities in which it sells and operates' (M. Porter, *Dutch Sustainable Trade Initiative Video Conference*, New York, NY, 15 December 2011).

Stimulating innovation also means eliminating barriers, for example, simplifying and shortening permit procedures for more sustainable livestock farming systems and reducing implementation risks associated with new developments. But technological development is not the only step that involves risk; connecting with a market segment, developing the right product perception, and introduction and rollout bring their own risks as well.

Consumers' knowledge about farming and their awareness of what is happening in the livestock sector leaves much to be desired. It is important that citizens learn more about animal keeping and animal welfare from an early age in (primary) school. Similarly, those who work in the agrifood sector will need to develop a better appreciation of the needs of animals, animal welfare and the importance attached to these issues by contemporary Dutch society. For this, reform and integration of university and vocational education are needed.

For animal welfare hallmarks, the government should establish ground rules so that consumers can be confident that their purchasing decisions do in fact contribute to better animal welfare. These ground rules concern the measuring instruments used and the certification system itself. Development of specific quality criteria is a task for the certification authority.

Sales of products from the Netherlands offering a higher standard of animal welfare would be strengthened by pursuit of a single animal welfare hallmark that is broadly supported at the European level. Initial efforts along these lines should focus on North-Western Europe, where a market segment sensitive to animal welfare arguments is already beginning to take shape. Thus, a new standard will be formed that also enables the Netherlands' sustainable livestock industry to capitalize on and export its vanguard position as a knowledge commodity and premium product.

By working towards a sensible increase of European legal minimum standards, the innovative production systems newly developed in the Netherlands will become firmly anchored in laws and regulations, earning a competitive advantage for the Dutch agrifood sector abroad. Moreover, this will contribute to solidify the Netherlands' role as a leader in the area of animal welfare.

2. Introduction

The call to raise animal welfare remains high on the political and social agenda in the Netherlands. The Council on Animal Affairs (Raad voor Dierenaangelegenheden, RDA) observes an urgent demand from within our society for animal welfare standards that are higher than the current legal minimums, which are based on European norms, while Dutch livestock farmers produce for the mainly European international market.

The sizable interests connected to the livestock farming sector justify major efforts to seek ways to achieve the higher levels of animal welfare that society demands, without sacrificing competitiveness. How this can be achieved is the subject of the current report.

The recommendations put forward in this Opinion are addressed primarily to the government, but where applicable, they also concern other parties involved in the agrifood production chains. Furthermore, the Council focuses explicitly on factors that can be gainfully influenced by government, livestock farmers, retailers and other chain partners and non-governmental organizations (NGOs), and not on less tangible aspects such as culture, the economic climate and the times we live in.

Moral questions and societal demands

In 2010, the Council presented in its *Moral Issues and Public Policy on Animals* the *Assessment Model for Policy on Animals* (Figure 1). That model posed three fundamental moral questions on animal keeping:

- May we keep animals?
- For what purposes may we keep animals?
- In what way may we keep animals?

In the Netherlands it is generally accepted that we keep animals in order to produce food for human kind in the form of animal proteins. This is the starting point of the current policy of the Dutch Ministry of Economic Affairs, Agriculture and Innovation and of this RDA Opinion. On that basis, the Council formulated the following three specific moral questions:

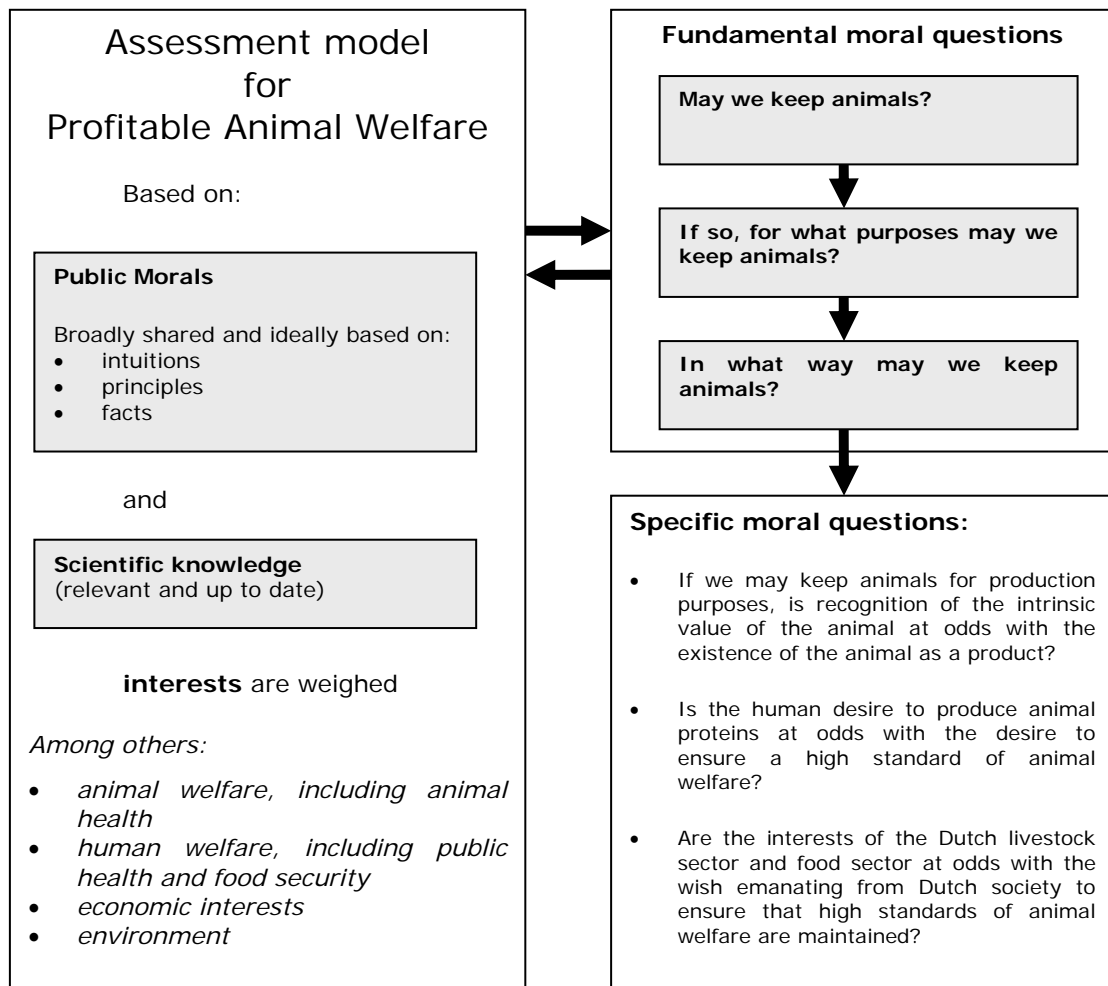
- I. Is recognition of the intrinsic value of the animal at odds with the existence of the animal as a product?
- II. Is the human desire to produce animal proteins at odds with the desire to ensure a high standard of animal welfare?
- III. Are the interests of the Dutch livestock sector and food sector at odds with the wish emanating from Dutch society to ensure that high standards of animal welfare are maintained?

Position of the production chains

The Council observes that it is mainly the specific context in which Dutch livestock farming operates that raises these questions. Dutch livestock farming is an economically important, largely export-oriented sector that must compete internationally, which is why farm animal welfare comes under pressure. At the same time, the sector operates within an urbanized, relatively well-educated and affluent society that has very little knowledge about and affinity with livestock farming, but is greatly concerned about the welfare of animals.

Figure 1: Assessment Model for Policy on Animals

Moral questions and dilemmas associated with livestock farming in the Netherlands anno 2012



The central question

The Council is convinced that the economic interests of Dutch agrifood chains are reconcilable with the societal call for better animal welfare, and it views innovation, market forces and creation of added value as the principal and quickest-working instruments to achieve that goal. The RDA is not the first to reach this conclusion, nor is it alone in this standpoint. The central question in the current Opinion is then:

- How can government stimulate improvements in animal welfare via market mechanisms in the various links of production chains?

Appendix 1 presents a selection of the many documents and advisory reports on this topic consulted by the Council and appearing over the past decades. In an earlier Opinion, *Responsible Animal Keeping* (2009), the Council itself made a distinction between 'minimum standards' and 'plus standards' for animal welfare, and also indicated the roles and responsibilities of each of the different actors with respect to animal welfare. In *Moral Issues and Public Policy on Animals* (2010), the Council submitted the following advice with regard to market mechanisms in animal keeping:

1. The government should make a well-considered decision on what position it wants and can take with respect to market forces in animal keeping.
2. It is desirable for citizens to become aware of the bottlenecks in common animal-keeping practices and of their own abilities to do something about these via conscientious purchasing decisions. At the same time, it is difficult to disqualify animal-keeping practices that are in compliance with all current regulations.
3. Using the *Assessment Model for Policy on Animals* the effects can be evaluated of a choice for or against reliance on market forces to regulate animal keeping, including associated aspects such as food security, food safety, animal welfare and the economy.

In general terms, the Council advised that in the interest of transparency and consistency of policies, the government should make use of a public, transparent and comprehensive *Assessment Model for Policy on Animals*.

The way to solutions: innovating and marketing

The way to solutions starts with our transforming the problematic context of the Dutch livestock sector into an asset. A first step in that direction is to stimulate innovations that raise farm animal welfare, such as Roundel housing systems for chickens, Comfort Class pens for pigs, bedded pack barns for cows and Comfort Class transport vehicles. The next step is to market the higher welfare standard, via new product concepts that appeal to large groups of consumers. Examples of such concepts are the 'Roundel egg', premium store-brand products such as the free-range chicken of Dutch supermarket Albert Heijn, and 'ethical' products developed by major brands, such as Unox's free-range farmers sausage and Peter's Farm veal. These products represent innovations that can secure a sufficiently large share of the international market and offer economic prospects to all links in the production chain. That latter aspect can translate into higher incomes, but in the opinion of the Council, it could equally entail better income security or more pleasant working conditions at the same level of income.

3. Innovation

In the past 25 years, a fairly clear and consistent vision has emerged, step by step, regarding where the Dutch livestock industry should be headed in the long term. As early as 1989, the Van der Stee Commission recommended a shift away from low-value bulk production to 'production for added value markets'.² In 2001, sustainability was added as an objective,³ and in 2011 and 2012 came recognition of the need to shift to generic sustainable production for the Dutch market.⁴ All of these recommendations have been adopted by the government to some extent.

3.1 *The desired developments and actual practice*

Current situation

Under the fourth Balkenende Cabinet (2007–2010) the government has played a facilitating and stimulating role to raise levels of animal welfare in the Dutch livestock sector to above the legally required minimums. However, since the first Rutte Cabinet took office in 2010, government has pulled back, again 'leaving things to the market'. Notwithstanding the success of the 'Better Life' hallmark, it appears that the market, by itself, is still insufficiently able to bring about structural improvements in animal welfare. The Council observes that new products offering a higher than minimum standard of animal welfare are sometimes put on the market, but that scaling up to more substantial volumes tends to fail. The ambitions expressed in the visions of Van der Stee and Wijffels have not been achieved in practice. Regarding the visions of Van Doorn and Alders, and market initiatives such as the 'Better Life' hallmark, it is still too early to judge.

This state of affairs demands that the Netherlands government create better opportunities for innovation and improvement of farm animal welfare. But it also requires that the chain partners in this sector take better and more frequent advantage of the opportunities offered. The Council observes that from both a social and scientific perspective, there is already enough clarity on what is the most desirable course. Now it is up to the government to find practical ways to bring about the desired developments and to secure them for the future.

The first step

A necessary first step for government is to more clearly formulate its sustainability objectives, in cooperation with stakeholders (businesses and NGOs). For example, in relation to barn renovations and new builds, businesses need a clear vision for the coming ten years, and a longer-term perspective for the following ten to fifteen years. Such a long-term vision, if scientifically validated and endorsed by society, can be understood as a 'license to produce' for the agrifood sector and offer farm enterprises some assurance of continuity for the future.

² *Om schone zakelijkheid*, Van der Stee Commission (1989)

³ *Toekomst voor de veehouderij*, Wijffels Commission (2001)

⁴ See, among others *Al het vlees duurzaam*, Van Doorn Commission (2011); *Van mega naar beter*, Alders Commission (2011) and *Duurzaamheid, innovatie en risico's*, LEI (2011)

3.2 Innovation processes

Innovation is more than just the 'supply oriented' development of new technologies; it also encompasses coming up with new ideas, shaping them and putting them into practice in the form of new ways of working, new services and new products. New ideas, and the practical applications, production systems and concepts that follow from them, usually arise in niches where innovators are active and in contexts where a range of different stakeholders interact and consult.

A major stumbling block is the market development phase: the actual introduction and scaling up of innovations to a level where robust volumes can be achieved. Here again, an important role is played by the well-established dominant market parties.⁵ In processes of innovation and market development, it is vital that space and support be available for all parties, and not only for those that are part of the established order. Whether it actually comes to cooperation between new and/or small-scale parties with the large-scale established actors is a matter for the market to determine. Providing space and facilitating open innovations and market development processes are the important government tasks. The 'top sector policy' for the agrifood sector should be modified to offer innovators explicit space to operate and to promote productive contacts between them and established actors. Furthermore, government could be expected to provide constructive support to proven innovative projects in its public information campaigns.

Knowledge and scaling up in practice

There is enough scientific and technical knowledge now available in the field of livestock farming to take key steps forward towards higher standards of animal welfare. Less successful has been the scaling up of advances: translation into practice of the knowledge that has already been generated in part thanks to government support. As far as that is concerned, the Netherlands long ago lost its leadership position.⁶

By making on-the-shelf knowledge applicable to innovation processes, the government can effectively raise the returns on its investments. A significant share of current and future R&D budgets under the agrifood industry top-sector policy could be earmarked for this purpose. Advantages could also be gained by stimulating openness and ensuring that knowledge and incentive schemes are accessible to all stakeholders. Results of scientific research commissioned wholly or in part with government funds need to be made easily available and accessible to all. This also holds true for the content and objectives of programmes and initiatives of Dutch ministries, such as Economic Affairs, Agriculture and Innovation; Infrastructure and Environment; and Health, Welfare and Sport.

Under these circumstances, research should be targeted to a large degree towards finding and resolving dilemmas and conflicts between the welfare of animals, on one hand, and the importance of the environment, public health and the like, on the other, in new and developing innovative systems of production.

⁵ *Van Onderstroom naar Draaggolf*, Rotmans (2007)

⁶ This is true for knowledge valorization broadly, see *De Innovatie Vernieuwd*, Scientific Council for Government Policy (2008)

Pace

In any case, the pace of change is too slow at present. The development time for innovations has to be drastically reduced, and the number of innovative products brought to market needs to be raised. This is an area where government can make an essential contribution, for example, by:

- simplifying the rules, for example, for realizing innovative livestock housing systems;
- instituting a maximum permit processing period of 6 months for farmers who demonstrate that their new production system is eligible for an animal welfare hallmark that meets government-set ground rules;
- placing animal welfare on equal footing with the environment and spatial planning in criteria for granting permits for constructing or refitting a livestock farm, while also transforming the mandatory environmental effects reports into societal effects reports.⁷

Government support now and in the future

Currently, government support is oriented mainly towards providing direct financial assistance to enterprises via complex and still inadequately publicized incentive schemes. The Council believes that this must change. Incentive schemes must be made simpler, clearer and better organized, but there is also much to be gained by:

- reducing the business risks associated with innovation, pilot projects and the general introduction and diffusion of an innovative production system;
- taking into account that many failures are necessary before innovation can be achieved.

Failure is inherent in innovation, and government support ensures that the ground remains fertile for new ideas to germinate. A revolving fund to cover start-up risks would be an appropriate instrument for this, similar to the Innovation Fund for SMEs that came into effect as of 1 January 2012. The Council advises the government to inventory and evaluate the effectiveness of incentive schemes suitable that could reduce risk in the various phases of the innovation process.

The role of national laws and regulations

Of course the government should establish and enforce legal minimum standards for animal welfare. But relatively little should be expected of more extensive laws and regulations in this area. Developments in the market and in society are taking place such a quick pace that legislation invariable lags years behind. At the same time, there is a shortage of enforcement capacity for existing laws. Moreover, societal norms and values – and with them ambitions in the area of animal welfare – diverge widely across Europe.

⁷ Using a clear assessment framework for evaluating effects, for example, on the environment, animal welfare, animal health and human health.

The abolishment of piglet castration, including the rollout in Europe of this Dutch initiative, is a good example of how rapidly societal developments even without government coercion can lead to improvements in the welfare of animals. The government should, therefore, at the national level particularly focus on the following:

- eliminating barriers to development and implementation of production methods systems with higher standards of animal welfare than legally required;
- preventing enactment of new measures that would result in cumulatively high regulatory burdens and overlapping and even contradictory rules;
- along similar lines, ensuring better harmonization among the national, provincial and municipal levels of government.

The European playing field: the greater goal and competitive advantage

In parallel with promoting innovation at home, the government must continue to work to raise the minimum levels of animal welfare in European legislation. As such, the welfare gains achieved through private-sector initiatives will become firmly rooted in statutory regulations. The Netherlands would then not only live up to its responsibility as a country at the vanguard of advances in animal welfare, but the innovative frontrunners will be rewarded as well, in this case the Dutch agrifood sector, which will have a competitive advantage during the transition period as more stringent European regulations come into effect. This is already happening, for example, in the requirement for group housing of calves and in the recently introduced European ban on battery cages.

4. Market forces and added value

Generating innovative inventions and readying them for practical application is just part of the story. The more animal-friendly products derived from these advances must also find their way to the consumer. Market forces will continue to catalyse initiatives for further animal welfare improvements only if consumer preferences deliver real economic benefits to the frontrunners in the production chain.

4.1 Consumer behaviour and added value

Numerous studies have found that day-to-day grocery shopping is a matter of routine. Marketing can influence that routine by using clear product concepts, such as a store's own brands as opposed to premium brands, Rondel or *Puur & Eerlijk* (a store brand developed by a leading Dutch supermarket). As part of such concepts, hallmarks such as 'Label Rouge', 'Organic' and 'Better Life', makes a higher level of animal welfare, more marketable.

Yet animal welfare considerations are still not a major part of most consumers' purchasing decisions. If two products differ only in price, the customer generally chooses the one that is least expensive. The sales chances of high animal welfare products increase if other factors also enhance consumer perceptions. The synergies existing between the different sustainability objectives can play a part in this process. As an example, some modern sustainable livestock systems in practice not only improve the welfare of farm animals, but also operate (virtually) without the use of antibiotics.

In the European and the world market, animal welfare itself is not (yet) considered an economic added value. However, welfare gains do generally bring higher production costs. It is therefore unwise to introduce mandatory increases in welfare standards across the board in Dutch livestock farming. A better option is market segmentation, whereby differentiated total product concepts are developed that offer a higher standard of animal welfare and are put on the market alongside the existing standard product lines. The explicit intention of such a strategy would be for these new segments to quickly gain a large enough market share that over time, the higher welfare level becomes the standard for production in the Netherlands.

International markets and cooperation

The now prevalent bulk production for world market prices that is irreconcilable with higher levels of animal welfare than the legal minimum. The future of livestock farming in the Netherlands lies in finding and serving market segments that place greater value on sustainability, including better animal welfare. Such a market is starting to take shape in the north-western part of Europe. The Council expects understanding of this trend to deepen over the coming two years through research projects such as *Mobilizing the Latent Consumer Demand for Animal Welfare-Friendly Products*, funded by the Netherlands Organisation for Scientific Research (NWO).

Successful development of total product concepts appropriate for market segments in North-Western Europe requires that two preconditions be in place:

- a government that is supportive of open, international concepts, plus national initiatives that can be scaled up to the international level;
- cooperation among *all* chain partners, their suppliers and their advisors: feed companies, barn construction companies, raw materials producers, livestock farmers, financiers, veterinarians, other advisors, meat processors, retailers and restaurants and catering companies, as well as consumers with involvement of NGOs.

For all parties in the production chain, there has to be an added value to gain. This could consist of higher incomes, but it could also take the form of greater business continuity, maintenance of market share, higher job satisfaction and enhanced societal acceptance of the livestock sector in the Netherlands.

4.2 The nature and effectiveness of hallmarks

The strength of a brand name is that it gives the consumer a certain feeling for the product: status, belonging to a group, peace of mind, reliability, tradition, and so forth. The Rondel egg is an example of a well known 'ethical' brand-name product in the Netherlands, with others being Albert Hein's free-range chicken and Unox's free-range farmers sausage. A hallmark offers consumers the additional assurance that a (branded) product actually possesses the qualities being claimed. Regarding animal welfare, 'Better Life' is a clear example of such a hallmark. Hallmarks like 'Organic' and 'Label Rouge' have brand appeal as well.

Effectiveness

For a hallmark to be effective, it must be readily recognized, clearly stand for something and be trusted by consumers. Again, 'Better Life' is a good example: this hallmark clearly differentiates products with high animal welfare value; it represents a standard of animal welfare that is higher than the legal minimum, and consumers have confidence in it.

In the best possible scenario, in the Council's opinion, there would be just one animal welfare hallmark, within which there could be leeway for different welfare levels. Such a hallmark clearly conveys to consumers whether a product meets specific demands regarding animal welfare.

Role of the government

Government's involvement in a hallmark is limited to five tasks:

- establishing ground rules;
- developing a measurement and evaluation system for animal welfare;
- promoting acceptance of the hallmark at the European level;
- promoting use of the hallmark in other (European) countries;
- raising awareness of the hallmark via communication and public information campaigns.

The ground rules enable consumers to use the hallmark as an indicator. These ground rules pertain to the system underlying the hallmark, not to the specific quality criteria applied. The government should, for example, ensure that welfare criteria are scientifically validated, that inspections are sufficiently frequent and that the certification process itself is unbiased. But it is up to the certification authority to determine which criteria are to be complied with. Another aspect that merits recommendation is that government, in line with its social responsibility, should regularly investigate the extent to which a hallmark actually leads to better farm animal welfare.

In order to speak of 'better' animal welfare, measures are needed to gauge welfare in a uniform and reliable way and subsequently to evaluate (give a value to) these measures in an appropriate assessment model.

Of utmost importance is that government promote acceptance of the animal welfare hallmark at the European level, like it previously did for the national 'healthy choice' hallmark, while stimulating use of the hallmark abroad. Disseminating the seal of animal welfare quality will help create a new standard of welfare throughout the European market, which is good for sales of Dutch products that offer extra 'plus' value in animal welfare terms. It will also help the Dutch livestock sector export and capitalize on its head start in the area of sustainability as a knowledge commodity.

4.3 Consumer awareness

Marketing and public information campaigns can achieve their intended objectives only if there is adequate awareness among consumers: buyers must have sufficient knowledge about the issues underlying their purchases. These range from how animals are kept to the needs of animals and how society perceives the treatment of animals.

Education

A variety of studies have shown that most consumers consider themselves poorly informed about animal keeping and animal welfare. Primary school is the ideal place to start laying the foundation for a future frame of reference to enable consumers to make responsible purchasing decisions. While the effects will become visible only in the longer term, this does entail a task for government in the short term.⁸

Agricultural education and production chains

The vocational schooling ('MBO' level) and professional-level education ('HBO' level) now on offer in agricultural fields of study is still very traditional and closed. As a rule, studies in animal care are strictly divided from studies in livestock farming. Moreover, links between agricultural and non-agricultural studies leave much to be desired. Furthermore, agricultural education has few if any links to food services and food technology education, butcher trade schools and retail training. This situation is not conducive to exchanges of cultures, visions and ideas about animal keeping, and it hinders innovative chain thinking among today's and tomorrow's livestock farmers and employees and entrepreneurs in the retail trade and processing industry. There is also the question of whether the closed environment of agricultural education can adequately prepare future entrepreneurs for their later role in a critical and pluralistic society. There is thus a need for:

- decompartmentalization, a change of mind-set and knowledge development in agricultural education and, by extension, in production chains in general;
- government pressure for reform of educational curricula for this purpose;
- integration of agricultural education with related studies outside of the agricultural sector;
- in due time, abolishment of 'agricultural' as a separate category of education.

⁸ See also the earlier recommendations in *Responsible Animal Keeping*, RDA (2009) and *Moral Issues and Public Policy on Animals*, RDA (2010)

5. Future vision

The Netherlands agrifood sector is among the world's top performers when it comes to production efficiency and food safety. The Dutch government has stated its ambition to position itself among the global leaders in other areas as well, including animal welfare.⁹

This requires accelerated improvements in animal welfare standards and a more rapid transition from production of generic products sold at world market prices to differentiated production geared towards added value. It is the Council's conviction that this transition will be brought about most quickly by stimulating private initiatives in the open market. In the open market, new product concepts and production systems can and will be developed and validated in the most promising and quickest manner and with the broadest support possible.

Government has an important role in all of this, but that role is not, in the first place, direct development or support of innovative product concepts and production systems. Ideally, government *will* focus on promoting dissemination of knowledge and raising awareness among livestock farmers and consumers, among others, and it will create an innovation-friendly environment in the area of animal welfare and the marketing thereof. The agrifood sector, for its part, should seize the opportunities on offer and develop societally acceptable, animal-friendly products that in an international context offer good economic prospects for all links in the production chain.

Government tasks

In concrete terms, the government has certain tasks to perform to create a opportunity-rich environment:

- **Promoting knowledge and awareness** among consumers and livestock farmers, for example, by creating space for this topic in (primary) schooling.
- **Integrating agricultural education with non-agricultural education** and creating explicit space for awareness-raising and changed attitudes towards animal welfare and innovation in livestock-related studies (both agricultural and non-agricultural at the vocational, professional and university level, including Wageningen UR and Utrecht University's Faculty of Veterinary Medicine).
- **Sketching a clear sustainability vision** that points out where the development and innovation opportunities lie for livestock farming, in cooperation with the private sector and NGOs. With such a vision in hand, the agrifood sector can, over time, earn itself a societally and economically endorsed 'license to produce'. Part of the sustainability vision is a long-term research strategy proactively aimed at solving societal problems. The government will clearly communicate what it is doing in this respect, and it will stick to the strategy it sets out on.

⁹ *Policy Memorandum on Animal Welfare and Animal Health*, Ministry of Economic Affairs, Agriculture and Innovation (2012)

- **In research, shifting the accent** to a sales and chain-oriented approach. In so doing, existing knowledge will become more accessible for practical applications, with the result being more and quicker innovation of the market and products. New research should also aim to solve conflicts between the different aspects of sustainability within innovative production systems.
- **Eliminating practical barriers** that stand in the way of large and small innovators, for example, by simplifying permit procedures, by abolishing unnecessary cumulative and even contradictory rules and procedures and preventing their re-emergence, and by striving for better harmonization among municipal, provincial and central government levels. Consideration also has to be given to transforming the environmental effects reports into societal effects reports.
- **Via the top sector policy, creating an open environment for innovation with a focus on segmented markets.** The revamped top sector policy offers opportunities to bring large and small players into contact with one another – innovators, researchers, implementers, marketing agents and NGOs – if the prerequisites for the needed transition and innovation processes are adequately fulfilled. The required knowledge is already readily available. The top sector policy should provide more room for small innovators, for multiple national and international centres of expertise and for civil society organizations. Results must be made as publicly accessible as possible.
- **Covering risks instead of offering ad hoc income support.** The government has various instruments at its disposal, including subsidies and regulations, to support development and diffusion of innovations in practice. It is more fruitful to spend government resources on covering various risks at the different stages of development and implementation than to devote public funds to direct financial support for 'conventional' (generic) products. In this light, the Council advises government to inventory its arsenal of instruments, to assess them and make adjustments where needed. Moreover, the government should make every effort to bring to the Netherlands as large a share as possible of EU funding slated for these objectives to support work towards the transformation of the livestock farming sectors.
- **Working towards one European hallmark for animal welfare** in the emerging North-Western European market for more sustainable agri-products. The Netherlands government can achieve this by working with the governments of other countries to promote their sanctioning of sustainability hallmarks in order to gain as much public support as possible throughout Europe.

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Council on Animal Affairs
P.O. Box 20401
2500 EK The Hague
T: 070-3785266

www.RDA.nl