Evaluation of the market implications of veal and young cattle meat marketing standards

Final report
AND International

10 Boulevard de Bonne Nouvelle – 75010 Paris, FRANCE
Tel: +33 1 45 23 18 81
Fax: +33 1 48 00 01 45
Mail: tanguy.chever@and-international.com
severine.renault@and-international.com
Représentée par : Tanguy CHEVER – Séverine RENAULT

Coordination: Christian Renault (AND-I) and Violaine Romieu (AND-I).

Written by: Tanguy Chever (AND-I), Claire Cogoluenhès (AND-I), Fanny Lardier (AND-I), Séverine Renault (AND-I), Christian Renault (AND-I), Violaine Romieu (AND-I) and Carlotta Valli (COGEA)

In collaboration with
Cogea (Italy), GEM (France), Cracow University (Poland), Agri and Food (The Netherlands), B Steiner (Germany), Idele (France)
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<th>Names</th>
</tr>
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<tbody>
<tr>
<td>AFSCA</td>
<td>Agence Fédérale pour la Sécurité de la Chaîne Alimentaire</td>
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<tr>
<td>BBB</td>
<td>Belgian Blue cattle Breed</td>
</tr>
<tr>
<td>BCV</td>
<td>Belgian Controlled Veal</td>
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<tr>
<td>BVK Belgium</td>
<td>Beroepsvereniging voor de Kalfsvleessector</td>
</tr>
<tr>
<td>CAP</td>
<td>Common Agricultural Policy</td>
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<tr>
<td>CBS</td>
<td>Central Bureau of Statistics</td>
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<tr>
<td>CWE</td>
<td>Carcass Weight Equivalent</td>
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<tr>
<td>EC</td>
<td>European Regulation</td>
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<tr>
<td>ECU</td>
<td>European Currency Unit</td>
</tr>
<tr>
<td>EQ</td>
<td>Evaluative Question</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FADN</td>
<td>Farm Accountancy Data Network</td>
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<tr>
<td>GEB</td>
<td>Bovine Economy Groupment</td>
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<tr>
<td>GI</td>
<td>Geographical Identification</td>
</tr>
<tr>
<td>MANCP</td>
<td>Multi Annual National Control Plans</td>
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<td>MRGA</td>
<td>Master Plan Rational Use of Antibiotics</td>
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<tr>
<td>MS</td>
<td>Member State</td>
</tr>
<tr>
<td>PDO</td>
<td>Protected Designation of Origin</td>
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<tr>
<td>PGI</td>
<td>Protected Geographical Indication</td>
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<tr>
<td>PLN</td>
<td>Polish money</td>
</tr>
<tr>
<td>PVE</td>
<td>Productschap Vee &amp; Vlees</td>
</tr>
<tr>
<td>QMP</td>
<td>Quality Meat Programme</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>SKV</td>
<td>Stichting Kwaliteitsgarantie Vleeskalversector</td>
</tr>
<tr>
<td>SPF Economie</td>
<td>Service Public Fédéral Economie</td>
</tr>
<tr>
<td>SSP</td>
<td>Annual Agricultural Statistics</td>
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<td>T</td>
<td>Tonne</td>
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<td>TSG</td>
<td>Traditional Speciality Guaranteed</td>
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<td>VAT</td>
<td>Value Added Tax</td>
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**Introduction**

The objective of this evaluation is to examine the relevance and effectiveness of EU legislation regarding the veal and young cattle meat marketing and labelling rules with respect to achieving the objectives laid down in this legislation, as well as its coherence with other relevant measures applied under the CAP.

The evaluation report results from statistical analyses and from a field survey with more than one hundred stakeholders, including the Commission services, Member States competent authorities, professional representatives, meat companies, retailers and consumer associations. We also performed consumer focus groups in Germany, Italy and France.

The first part (PART A) of this report contains:

- a description of the regulatory framework;
- a description of the veal and young cattle meat market chain in the EU as a whole, as well as in each of the eight Member States which constitute the core of the veal and young cattle meat sector and the core of our analysis;
- an analysis of the external factors;
- a presentation of the methodological approach.

The second part (PART B) of this report is constituted by the answers to the seven evaluation questions general conclusions and policy recommendations.

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1 Council Regulation (EC) No 700/2007 on the marketing of the meat of bovine animals aged 12 months or less, later integrated into Article 113b of Council Regulation (EC) n°1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products, and as from 1 January 2014 into Article 78(a) of Regulation (EU) n°1308/2013 of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products.
PART A: Descriptive part

1. Regulatory framework

Council Regulation (EC) n°700/2007\(^2\) (hereafter ‘the Regulation’ or ‘the Regulation on veal and young cattle meat marketing standards’) was the first EU Regulation to define the use of commercial designations for ‘veal’, aiming to provide a common definition while taking into account the different definitions and customs among Member States. Although this was the first Regulation specifically on this matter, it was framed by a certain number of previous Regulations establishing overall rules for the common organisation of the beef and veal market and setting rules for the labelling of foodstuffs.

1.1. Legal basis

Title III, Article 39 of the Treaty of the Functioning of the EU (TFEU), replacing the Treaty of Rome, lays down the foundation for the Common Agricultural Policy, which aims at:

- increasing agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;
- ensuring a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
- stabilising markets;
- assuring the availability of supply;
- and ensuring that supplies reach consumers at reasonable prices.

To this end, Article 40 of the TFEU establishes a common organisation of agricultural markets, including that of beef and veal, which shall take one of these forms depending on the product concerned:

- common rules on competition;
- compulsory co-ordination of national market organisations;
- a European market organisation.

As regards beef and veal, the common organisation of the market has been established gradually from 1964 onwards. It is currently governed by the provisions of Regulation (EU) n°1308/2013 of the European Parliament and of the Council (the Single CMO Regulation).

Regulation (EU) n°1169/2011 on the provision of food information to consumers also applies. Article 7 on fair information practices defines the principle of the true nature of the product:

‘Food information shall not be misleading, particularly: (a) as to the characteristics of the food and, in particular, as to its nature, identity, properties, composition, quantity, durability, country of origin or place of provenance, method of manufacture or production’.

\(^2\) Later integrated into Article 113b of Council Regulation (EC) n°1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products, and as from 1 January 2014 into Article 78(a) of Regulation (EU) n°1308/2013 of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products.
1.2. History of definitions and labelling rules applying to the beef and veal sector until 2007

1.2.1. Definitions of calves, adult bovine meat and veal in the common organisation of the market in beef and veal

The first Regulation for the common organisation of the market in beef and veal in 1968 introduced a distinction between adult bovine and calves. At the time, this was not for consumer information purposes but to allow different rules of intervention. In any case, this longstanding distinction provides evidence that the production of veal relies on a specific organisation and specific methods as compared to the production of adult bovine meat.

However, the difficulty in achieving compliance with the rules along the supply chain (for example in tracing live weight at slaughter) and perpetuating local and national customs regarding calf rearing and veal have complicated the establishment of a common definition, as illustrated by successive changes in the definition of calves and adult bovine animals.

This section presents the main Regulations that provided definitions for calves until the Regulation on the veal and young cattle meat marketing standards, the purpose of the distinction between calves and adult bovine animals and, when explicitly stated in the Regulation recitals, the rationale for the criteria used.

Regulation (EEC) No 805/1968 of the Council established the first common organisation of the market in the beef and veal sector, which mainly relied on market intervention instruments:

- Reference prices based on two annual guide prices for calves and for adult bovine animals;
- Aid for private storage and buying-in by intervention agencies, for adult bovine animals only;
- Common customs tariffs for trade with third countries based on import prices calculated for both calves and adult bovine animals.

Article 1 of the Regulation defined calves and adult bovine animals as follows:

- ‘calves’ means live animals of the domestic bovine species, not exceeding a live weight of 220 kg and not yet having any permanent teeth;
- ‘adult bovine animals’ means live animals of the domestic bovine species, other than calves, with the exception of pure-bred breeding animals.

The guide price for calves was abolished nine years later by Council Regulation (EC) n°425/77 because the distinction between calves and adult bovine animals and between the meats obtained proved difficult to establish, in particular at the point of import.

The definition for calves was therefore removed from the Regulation, which provided instead a new definition for adult bovine animals (Art. 1) for the purpose of private storage aid. This definition is still in force and states that ‘adult bovine animals’ means ‘bovine animals the live weight of which is more than 300 kilograms’.

Between 1977 and 1999, there was no specific market intervention instrument for calves, and hence no definition. In 1999, Council Regulation (EC) n°1254/1999 introduced a slaughter premium for ‘for all types of bovine animals including dairy cows and calves’. The Regulation provides definitions for ‘bovine animals’ and ‘adult bovine animals’ (Art. 1) as well as for ‘bull’, ‘steer’, ‘suckler cow’ and ‘heifer’ (Art. 3) but not for calves. However there is a specific slaughter premium for ‘calves aged more than one and less than seven months old and of carcass weight of less than 160 kilograms’.

In 2003, the CAP reform revised the calf slaughter premium, which as from then targeted ‘calves aged more than one and less than eight months old and of a carcass weight of less than 185 kilograms’ (Council Regulation (EC) n°1782/2003, Art. 130). The Regulation recitals state the general principles behind the CAP reform and do not provide a rationale for this revision.
1.2.2. Traceability

The system for the identification and registration of bovine animals and the labelling of beef and beef products was first established in response to the BSE crisis of 1996 (Council Regulation (EC) n°820/97).

The Regulation required Member States to establish a system for the identification and registration of bovine animals containing the following elements (Art.3):

- Eartags to identify animals individually;
- Computerised databases;
- Animal passports;
- Individual registers kept on each farm.

The Regulation also required MS to implement a labelling system to provide final consumers with the identification number and information on the origin, sex, feeding system and slaughtering of the animal. The Regulation did not cover processed meat, secondary processing and catering.

This Regulation was replaced by Council Regulation (EC) n°1760/2000, which is still in force. The rules concerning identification remained the same; those related to labelling are specified in Article 13. The label guaranteed the link between the meat and the animal and enabled the identification of the slaughterhouse and cutting hall where the animals were slaughtered and the carcass cut. Articles 16 and 17 also establish the rules for optional information, which have to be based on a specification, approved by the competent authority of the MS.

Following the subsequent BSE crisis, the concept of traceability was introduced at EU level and extended to all food products with Council Regulation (EC) n°178/2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety. The term traceability was defined in Article 3 of the Regulation as ‘the ability to trace and follow a food, feed, food-producing animal or substance intended to be, or expected to be incorporated into a food or feed, through all stages of production, processing and distribution’.

In conclusion, the systems of identification set up for bovine meat in 1997 paved the way for more stringent rules on traceability and consumer information for foodstuffs in general. It also made it technically possible to implement the Regulation on the veal and young cattle meat marketing standards.

1.2.3. General rules for labelling of foodstuffs

Labelling rules for foodstuffs were framed by European Directive 2000/13/EC on ‘the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs’.

Article 5 of this Directive set the general rules for the designation of foodstuffs as follows:

‘1. The name under which a foodstuff is sold shall be the name provided for in the Community provisions applicable to it.

In the absence of Community provisions, the name under which a product is sold shall be the name provided for in the laws, Regulations and administrative provisions applicable in the Member State in which the product is sold to the final consumer or to mass caterers. Failing this, the name under which a product is sold shall be the name customary in the Member State in which it is sold to the final consumer or to mass caterers, or a description of the foodstuff, and if necessary of its use, which is clear enough to let the purchaser know its true nature and distinguish it from other products with which it might be confused.’

In other words, in the absence of Community rules, which was the case for all types of bovine meat until the Regulation on the veal and young cattle meat marketing standards was adopted,
national laws or administrative provisions applied and in the absence of Regulation at any level, traditional usage applied, as long as the designation reflected the ‘true nature’ of the product for the final consumer.

Article 5 also allowed the use of the sales descriptions of the producing Member State should the final product be sold in another Member State, as long as this did not confuse the final consumer.

The Directive specified that for manufactured products all ingredients had to be listed, meaning ‘any substance, including additives, used in the manufacture or preparation of a foodstuff and still present in the finished product, even if in altered form’.

Annex I provides a list of products that may be identified by their category name rather than their specific name, but the list does not include any meat product, which implies that the Regulation also applies for the designation of ingredients in processed food.

Although it is not explicit, Article 5 of European Directive 2000/13/EC also implies that the sales name for processed meat products should take into account designations established by the Regulation so as not to confuse consumers. For instance, in France, if ‘viande de veau’ is used exclusively for meat from a bovine animal slaughtered at less than eight months old of age, it can be assumed that the term ‘paupiettes de veau’ (a dish mainly made of ‘viande de veau’), should not be used if made of meat from an older animal.

1.3. Objectives of the veal and young cattle meat marketing standards

The objectives of the Regulation as laid down in the recitals are as follows:

- Improve the functioning of the internal market;
- Improve the organisation of the marketing of the meat of bovine animals aged twelve months or less by making it as transparent as possible;
- Improve the organisation of such production;
- Improve information for consumers.

According to Article 1 the Regulation applies to:

- ‘the meat of bovine animals aged twelve months or less slaughtered after 1 July 2008, whether produced in the Community or imported from third countries’;
- ‘without prejudice to Council Regulation (EC) n° 1183/2006 of 24 July 2006 concerning the Community scale for the classification of carcasses of adult bovine animals’ (for animals over 300 kilograms live weight);
- and does not apply to ‘the meat of bovine animals for which a protected designation of origin or geographical indication has been registered before 29 June 2007’.

The Regulation establishes two categories of bovine animals aged twelve months or less:

- (A) Category V: bovine animals aged eight months or less
- (B) Category Z: bovine animals aged more than eight months but not more than twelve months.

The animals aged twelve months or less must be classified, on slaughter, in one of the two categories.
The Regulation also provides, for each category, a list of sales descriptions in each Member State, as presented in the following table for the eight Member States targeted in this evaluation study.

**Table 1 – List of the sales descriptions in the 8 MS**

<table>
<thead>
<tr>
<th>Category V</th>
<th>Category Z</th>
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<tbody>
<tr>
<td>Belgium</td>
<td>Belgium</td>
</tr>
<tr>
<td>Veau, viande veau</td>
<td>Jeune bovin, viande de jeune bovin</td>
</tr>
<tr>
<td>Kalfsvlees / Kalbfleisch</td>
<td>Jongrundvlees / Jungrindfleisch</td>
</tr>
<tr>
<td>Germany</td>
<td>Germany</td>
</tr>
<tr>
<td>Kalbfleisch</td>
<td>Jungrindfleisch</td>
</tr>
<tr>
<td>Spain</td>
<td>Spain</td>
</tr>
<tr>
<td>Ternera blanca, carne de ternera blanca</td>
<td>Ternera, carne de ternera</td>
</tr>
<tr>
<td>France</td>
<td>France</td>
</tr>
<tr>
<td>Veau, viande de veau</td>
<td>Jeune bovin, viande de jeune bovin</td>
</tr>
<tr>
<td>Italy</td>
<td>Italy</td>
</tr>
<tr>
<td>Vitello, carne di vitello</td>
<td>Rosé Kalfsvlees</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>The Netherlands</td>
</tr>
<tr>
<td>Kalfsvlees</td>
<td>Rosé Kalfsvlees</td>
</tr>
<tr>
<td>Poland</td>
<td>Portugal</td>
</tr>
<tr>
<td>ciełęcina</td>
<td>Vitela</td>
</tr>
<tr>
<td>Portugal</td>
<td>Portugal</td>
</tr>
<tr>
<td>Vitela</td>
<td>Vitelão</td>
</tr>
</tbody>
</table>


The Regulation validates the idea that ‘veal’ only applies to the meat of bovine animals aged twelve months or less at slaughter; that there are two distinct segments within the veal market, which mainly differ based on the age at slaughter and the type of feed, and that the threshold of eight months for the age at slaughter is a relevant proxy to divide these two segments.

The decision to use the age limit of eight months was based on consumer consultation and on the fact that the same age limit was used in Council Regulation (EC) n°1782/2003 establishing common rules for direct support schemes under the Common Agricultural Policy and establishing certain support schemes for farmers (Article 130 on private storage aid).

Finally, the Regulation provides a precise list of the sales description allowed in each Member States, to take into consideration the different traditions in different MS, as well as a list of sales descriptions that should no longer be used for meat from animals slaughtered over twelve months of age.

Commission Regulation (EC) No 566/2008 lays down detailed rules for the marketing of the meat of bovine animals aged twelve months or less (definitions for the classification letters, compulsory information on the label, details on official checks and meat imported from third countries).

These provisions have been integrated under Regulation (EU) n°1308/2013 (Article 78a and Annex VII- Part I).

The following table presents the main changes in labelling rules, brought in by the Regulation:

<table>
<thead>
<tr>
<th>Type of information</th>
<th>Before the Regulation</th>
<th>After the Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales description for bovine animals aged twelve months or less at slaughter.</td>
<td>In the absence of common provisions and of national laws, traditional usage applied (Art. 5 of European Directive 2000/13/EC), except for PDO/PGI products.</td>
<td>Sales descriptions defined by Annex II of the Regulation, except for PDO/PGI products registered before the entry into force of the regulation (July, 29th 2007).</td>
</tr>
<tr>
<td>Compulsory information</td>
<td>Information related to traceability (identification number of the animal, identification of the slaughterhouse and cutting hall)</td>
<td>Information related to traceability + age at slaughter and sales description based on Annex II of the Regulation.</td>
</tr>
<tr>
<td>Optional information</td>
<td>Optional information can be provided, in addition to the compulsory one, but it has to be based on specifications, approved by the competent authority of the MS (Article 16 of Regulation (EC) n°1760/2000)</td>
<td>No change, the same rules apply.</td>
</tr>
</tbody>
</table>
1.4. *Intervention logic*

The two following diagrams present the analysis for the intervention logic of the Regulation on the veal and young cattle meat marketing standards.

**Figure 1: Intervention Logic - Intended effects of the Regulation on the veal and young cattle meat marketing standards**

The Regulation rules fall into four categories:

- Definition and labelling along the supply-chain;
- Rules about sales descriptions;
- Exemption for PDO/PGI products registered before the Regulation came into force;
- Compliance with other EU Regulations, including control procedures.

According to the Regulation recitals, the enforcement of a common definition across the EU, based on common rules of definition and labelling along the supply-chain (Art. 2, 5 and 6, and Annex I), regulated sales descriptions (Art. 4) and an efficient control system (Art. 8 and 10), should contribute to more transparency, fairer competition in the internal market and a better organisation of the supply chain.

Regulated sales descriptions taking into account national customs and cultural traditions and traceability rules should also improve consumer information by providing clear, understandable and reliable information.
The classification system, the provisions for optional information, the control system and the exemption for PDO/PGI registered before the Regulation came into force aim at ensuring coherence with other EU Regulations.

**Figure 2: Intervention Logic - Unintended effects of the Regulation on the veal and young cattle meat marketing standards**

However, one can wonder if establishing a common standard at EU level while respecting the customs and cultural traditions of MS (with varying feeding systems and practices regarding age at slaughter) does not imply an intrinsic contradiction and a fairly high risk for potential unintended effects, as illustrated in the above diagram.

Some of the unintended effects are related to the definitions themselves. For instance, the regulation aims at preserving traditional designations but it prohibits using terms for meat from animals aged over twelve months that were traditionally widely used in some MS (for instance ‘ternera’ in Spain). Some designations for PDO/PGI products, registered before the Regulation came into force, are not fully coherent with the establishment of a standard definition. For example, French ‘veau d’Aveyron’ is made from animals slaughtered above eight months of age while the term ‘veau’ can only be used for animals aged eight months or less according to Regulation.

Other unintended effects are considered as ‘potential’ in the sense that they were not necessarily foreseen at the time when the Regulation was conceived. The first relates to the relevance of eight months as a threshold. The rationale for this threshold, as laid out in the Regulation recitals, is that it seemed relevant for consumers based on the public consultation, that it was used as a threshold in Regulations for granting the slaughter premium and that it is
related to the type of feed and therefore to the characteristics of the meat. However, these three assumptions can be questioned. As shown in the previous section, other Regulations also used seven months as a threshold. What is the evidence that eight months actually reflects existing cultural traditions\(^3\) and are calves necessarily milk-fed until eight months old?

Besides the threshold itself, a few other potential unintended effects can be pointed out:

- How consistently will the labelling of meat sold un-prepacked at the point of retail sale to the final consumer be implemented, considering it relies entirely on Member States’ rules and that in most cases these rules remain fairly vague, if they exist at all?
- Can different sales descriptions in different MS, but in the same language (e.g. between Ireland and the UK where the same meat under category Z is designated differently: rosé veal and beef respectively) be confusing for consumers?
- How will labelling rules be implemented for animals aged eight-to-twelve months weighing over 300kg\(^4\), which fall under Council Regulation (EC) n°1183/2006 regarding the classification of carcasses of adult bovine animals?

In conclusion, the objective of a common definition across the EU for meat obtained from bovine animals aged twelve months or less seems legitimate and obvious in the context of EU internal market so as to guarantee fair competition and clear information for consumers. However, in practice it is not that obvious due to the variety of customs and cultural traditions across the EU, which may result in some contradictions in terms of the expected outcomes and impacts.

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\(^3\)Contributions to the EU Commission consultation in 2005 are not representative for all Member States (52% of all contributions come from two Member States, France and Denmark) and answers to the question of expected age at slaughter could be interpreted in different ways.

\(^4\)In the new single CMO Regulation, Regulation (EU) n°1308/2013, the classification system explicitly applies to ‘bovine animals aged eight months or more’ (Article 10).
1.5. Implementation of the Regulation on veal and young cattle meat standards in Member States

1.5.1. Principles regarding the application of EU Regulations in Member States

Before analysing implementation at national level, it is worth recalling a few principles concerning the application of EU Regulations in Member States.

- Regulations are binding in their entirety:

Regulations may not be applied incompletely, selectively or partially. It is a legal act binding upon the institutions, the Member States and stakeholders to whom it is addressed.

- Regulation is directly applicable in all Member States:

This means that:

- No measures are required to incorporate Regulations into national law;
- Regulations attribute rights and obligations independently of any national implementing measures. Member States are allowed to create implementing measures but it is not compulsory. They must do so if necessary, in the context of complying with the principle of sincere co-operation, as defined in Article 4 of the Treaty on European Union (TEU);
- Regulations may be used as a reference by individuals in their relations with other individuals, with Member States or with the European authorities.

Regulations apply in all Member States from the day of their entry into force, i.e. 20 days after their publication in the Official Journal. Their legal effects are simultaneously, automatically and uniformly binding in all national legislation.

- Regulations have general application:

According to the Court of Justice, regulations are addressed to general categories of persons but may nevertheless be limited to certain categories of persons. In the Regulation on the veal and young cattle meat marketing standards, the categories of persons concerned are stakeholders involved in the veal business from production to consumption, including processing.

The understanding, then, is that Member States are free to interpret the obligation of setting up implementation rules for European Regulations, except for specific provisions that have to be notified to the Commission, as is the case for the penalties rules here.

The last paragraph also implies that, even in the absence of implementing rules at Member State level, stakeholders involved in the meat business are bound by the Regulation.

1.5.2. Implementation of the Regulation on veal and young cattle meat marketing standards

The following table presents the information available about the Regulation’s implementation in the different Member States where case studies were carried out.
Table 2 - National implementing texts of Regulation (CE) v/2007 (article 78a of the Regulation (EU) N°1308/2013)

<table>
<thead>
<tr>
<th>MS</th>
<th>National implementing texts of the Regulation on the veal and young cattle meat marketing standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Information note n°2008-148 from General Directorate for Fair Trading, Consumer Affairs and Fraud Control (DGCCRF)</td>
</tr>
<tr>
<td>Belgium</td>
<td>Definition of a national guideline. No national regulation.</td>
</tr>
<tr>
<td>Germany</td>
<td>RiFiEtikettG (Rindfleischetikettierung ; Beef Labelling)), 5th of August 2009, modification of pre-existing German law regarding labelling of bovine meat and processed foodstuffs with the implementation of the Regulation on the veal and young cattle meat marketing standards, including processed veal meat.</td>
</tr>
<tr>
<td>Netherlands</td>
<td>None</td>
</tr>
<tr>
<td>Poland</td>
<td>Regulation of the Ministry of Agriculture and Rural Development on the labelling foodstuffs (OJ 2007, n°137, item 966)</td>
</tr>
<tr>
<td>Italy</td>
<td>National Decree N°2551 of 8th of August 2008 of new Regulation about marketing veal standards.</td>
</tr>
<tr>
<td>Spain</td>
<td>National Decree (‘Decreto Real’) 75/2009 (modifying ‘Decreto Real’ 1698/2003 de 12 de diciembre)</td>
</tr>
<tr>
<td>Portugal</td>
<td>None</td>
</tr>
</tbody>
</table>

In a few Member States, there has not been any specific legal text for the implementation of the Regulation, namely, the Netherlands and Portugal.

Other MS have updated existing texts or published specific ones after the entry into force of the Regulation. These national texts take several forms, from simple guidelines to official decrees:

- Guidelines or information note: Belgium and France;
- Pre-existing law adaptation: Germany and Spain;
- Official decree: Spain and Italy.

The situation across Member States is therefore quite heterogeneous regarding the national instruments of the Regulation.

According to Article 78(a) of Regulation n°1308/2013, Member States were responsible for:

- Laying down rules on how information on age at slaughter and sales description should be indicated on the meat of bovine animals aged twelve months or less presented for sale un-prepacked at retail sale to the final consumer (article 4);
- Designating competent authorities or authorities responsible for official checks to verify the application of the Regulation and inform the Commission thereof (art. 8);
- Laying down rules on penalties applicable for infringements of the provisions of the Regulation and provisions taken to ensure these are implemented and notifying those provisions to the Commission (art. 10).

The following table summarizes the national provisions in place in the eight Member States covered by national case studies: competent authorities designated, national dispositions for un-prepacked beef meat and rules on penalties applicable.
<table>
<thead>
<tr>
<th>MS</th>
<th>Administration involved in the implementation</th>
<th>Administration involved in control</th>
<th>Referent text</th>
<th>General sense</th>
<th>Referent text</th>
<th>Rules on penalties applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>FR</td>
<td>General Directorate for Fair Trading, Consumer Affairs and Fraude Control (DGCCRF)</td>
<td>DGCCRF and FranceAgriMer</td>
<td>Information note n°2008-148 from DGCCRF</td>
<td>The information note states that age of slaughtering must be mentioned on non-processed fresh meats.</td>
<td>Consumer Code, Art. R 214-14 3°</td>
<td>Third class infringement : EUR 450 fine</td>
</tr>
<tr>
<td>BE</td>
<td>Flanders Department of Agriculture and Fishing Public Service of Wallonia</td>
<td>Public Federal Service of Economy Controls led by AFSCA and General Directorate for Enforcement and Mediation</td>
<td>National guideline</td>
<td>Application of rules specified in the Regulation on veal and young cattle meat marketing standards (mentions and terms to use) for un-prepacked meat.</td>
<td>Act of 26.03.1975 on trade in agricultural products, horticulture and marine fishing</td>
<td>Simple warning to fine or imprisonment</td>
</tr>
<tr>
<td>DE</td>
<td>Federal Agency for Agriculture and Nutrition (BLE)</td>
<td>BLE</td>
<td>Nothing in RIÆEtikettG deals with specific labelling rules for labelling veal meat sold un-prepacked.</td>
<td></td>
<td>RIÆEtikettG §10</td>
<td>Fine up to EUR 25 000 and up to 1 year of imprisonment (according to the national Regulation on beef labelling)</td>
</tr>
<tr>
<td>NL</td>
<td>Ministry of Agriculture Nature and Food Quality (LNV)</td>
<td>Nethrlands Food and Consumer Product Safety Authority (NVWA)</td>
<td>Act on Agricultural Quality 2007, Article 7a, 2nd paragraph</td>
<td>This paragraph mentions that denominations used for un-prepacked meat are in accordance with Reg. (EC) 1234/2007 (general application of the Regulation)</td>
<td>Act on Agricultural Quality 2007, Article 7a, 1st paragraph</td>
<td>Fine or up to 6 months imprisonment</td>
</tr>
<tr>
<td>PL</td>
<td>Ministry of Agriculture and Rural Development (MRiRW)</td>
<td>Agricultural and Food Quality Inspection and Office of Competition and Consumer Protection, Dpt. of Trade Inspection</td>
<td>Regulation of the Ministry of Agriculture and Rural Development on the labelling foodstuffs (OJ 2007, n°137, item 966)</td>
<td>Application of rules specified in the Regulation on veal and young cattle meat marketing standards (mentions and terms to use) for un-prepacked meat.</td>
<td>Act of 21st December, Article 40(4e) and 40a on commercial quality of agri-foodstuffs</td>
<td>Information not available</td>
</tr>
<tr>
<td>IT</td>
<td>Ministry of Agriculture, Food and Forestry Policies (MiPAAF)</td>
<td>Inspectorate for the prevention of fraud (ICQRF) and regional authorities</td>
<td>National Decree N°2551 of 8th of August 2008</td>
<td>Application of rules specified in the Regulation on veal and young cattle meat marketing standards (mentions and terms to use) for un-prepacked meat.</td>
<td>Law n°8 of 07/07/2009</td>
<td>Fine up to EUR 18,000 for lack of classification, fine up to EUR 6,000 for non-compliant marketing</td>
</tr>
<tr>
<td>PT</td>
<td>Ministry of Agriculture, Sustainable Development and Fishing</td>
<td>Food Safety and Economic Authority</td>
<td>Decree-Law n° 323-F/2000, art. 5, paragraph (2) and (3)</td>
<td>The decree was established previously to the Regulation, which is why no additional provisions were adopted. This previous decree already notified that labels must be placed visibly for sales un-prepacked.</td>
<td>National legislation on beef products (decree-law n°323-F/2000, art. 15) and national legislation on marketing (decree-law n°560/1999, art. 28)</td>
<td>Information not available</td>
</tr>
</tbody>
</table>
At national level different entities may be involved in the implementation of the Regulation depending on the administrative organisation of the Member State in question:

- Ministries in charge of agriculture: Spain with MAGRAMA, Germany with BMEL and BLE, Italy with MiPAAF, the Netherlands with LNV, Poland with MRRMW, Portugal with MDRMP,
- Ministries in charge of the economy: Belgium with SFP, France with DGCCRF,
- Regional authorities of control: Belgium, Germany, Spain, Italy (prevention of fraud).

Penalties applicable are from the general national Regulations on bovine meat; there is no specific penalties linked with the veal and young cattle meat marketing standards.

With the exception of Spain, all Member States have their own reference rules for penalties applicable for infringements of the beef marketing standards. In most of the cases, penalties applicable are fines, however, if infringements are repeated, penalties applicable may even include an imprisonment5 (see table).

In Spain, the national decree, which implements the Regulation notifies that penalties applicable follow Regulations (EC) 1760/2000 and 1825/2000. These Regulations only specify that, in case of infringement related to labelling, Member States shall require removal of the beef from the market until it is re-labelled in conformity with the legislation. All other systems of sanctions shall be determined by Member States themselves.

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5 in Germany, according to the national Regulation on beef labelling, in Belgium and in the Netherlands
National rules for the labelling of processed meat made with veal and young cattle meat

The analysis has been extended to the labelling of processed meat containing veal and young cattle meat (even if it is not in the scope of the Regulation as secondary processing represents an important market for veal in Germany, France and Italy.

As mentioned in the section above on the EU regulatory framework, the labelling modalities of processed meat fall within the framework of the EU Regulation on labelling of foodstuffs, which changed substantially in 2011.

Table 3 – National rules for the labelling of processed meat

<table>
<thead>
<tr>
<th>Country</th>
<th>National rules for the labelling of processed meat made with veal and young cattle meat</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Included in ‘Note d'information n°2008-148’. Processed foodstuffs are not in the scope of the Regulation. However transversal regulation about labelling applies: according to the French national consumption code, sales descriptions must reflect the type of raw material that has been used, including veal.</td>
</tr>
<tr>
<td>Belgium</td>
<td>No national rules</td>
</tr>
<tr>
<td>Germany</td>
<td>No national rules</td>
</tr>
<tr>
<td>Netherlands</td>
<td>No national rules</td>
</tr>
</tbody>
</table>
| Poland    | According to a Regulation of the Minister of Agriculture and Rural Development on the labeling of foodstuffs from 2007 (OJ 2007, n°137, item. 966), the product should be described by:  
  - Name - according to the provisions required for this type of meat, i.e. ‘veal’ from animals at the age of eight months and ‘young beef’ from animals aged between eight and twelve months  
  - Possibly additionally - type of animal - for instance for minced meat  
  - Place of birth, place of slaughter, place of partition (cutting)  
  - The name of the manufacturer, expiry date (shelf life), veterinary mark, storage conditions. |
| Italy     | Included in Ministerial decree n°2551 of 8th of August.                              |
| Spain     | No obligation with regard to use of commercial denominations for minced meat.       |
| Portugal  | No national rules                                                                 |

1.5.1. Implementation of the veal and young marketing standards in the Member States not covered by a case study
### Table 4 – Implementation of the Regulation on the veal and young cattle meat marketing standards in the Member States not covered by a case study

<table>
<thead>
<tr>
<th>Member States</th>
<th>Competent authorities designated</th>
<th>National dispositions for un-prepacked beef meat</th>
<th>Rules on penalties applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Administration involved in the implementation</td>
<td>Administration involved in control</td>
<td>Reference text</td>
</tr>
<tr>
<td>Austria</td>
<td>Ministry of Agriculture, Forestry, Environment and Water</td>
<td>Special Controls Services</td>
<td>Decree of the Federal Ministry of Health of January, 8th 2009</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Bulgarian National Veterinary Service</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Veterinary Services</td>
<td>Information note sent to the Kofinou Central Slaughterhouse where all bovines are slaughtered in Cyprus.</td>
<td>The indication of the category of the above-mentioned bovine meat on the label is attached to the carcasses and cuts in according with Reg. (EC) 1760/2000 on Beef Labelling legislation</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>The State Veterinary Administration and The Agriculture and Food Inspection Authority</td>
<td>National Act 326/2001 Section 3, paragraph 4</td>
<td>No details of the Act.</td>
</tr>
<tr>
<td>Denmark</td>
<td>The Danish Veterinary and Food Administration</td>
<td>Danish order 649/2008 on beef labelling and traceability, §3</td>
<td>Application of rules specified in the Regulation on the veal and young cattle meat marketing standards (mentions and terms to use) for un-prepacked meat.</td>
</tr>
<tr>
<td>Estonia</td>
<td>Veterinary and Food Board</td>
<td>2003 Estonian Government Regulations n°324, § 4.1.1</td>
<td>The national Reg. provides that product designation shall be provided in the point of sale. If the product has a Community designation, that one shall be used.</td>
</tr>
<tr>
<td>Ireland</td>
<td>Ministry of Agriculture, Fisheries and Food and the Food Safety Authority of Ireland (FSAI)</td>
<td>2008 Statutory Instrument S.I. N° 245 Guidance on beef labelling (FSAI)</td>
<td>Where beef is not wrapped, the information is required to be provided in a written and visible form to the consumer, at point of sale.</td>
</tr>
<tr>
<td>Finland</td>
<td>Finnish Food Safety Authority</td>
<td>Finnish law n°435/2008, point § 3 therein</td>
<td>Meat sold in bulk to the final consumer must have visible indications to be considered as meat.</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>State Veterinary and Food Administration of the Slovak Republic</td>
<td>Stage of implementation: Negligible portion of un-prepacked meat is marketed in retail shop.</td>
<td>N/A</td>
</tr>
<tr>
<td>Country</td>
<td>Competent authorities designated</td>
<td>National dispositions for un-prepacked beef meat</td>
<td>Rules on penalties applicable</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Lithuania</td>
<td>State Food and Veterinary Service</td>
<td>Order of the Minister of Agriculture the Republic of Lithuania No 3D-359</td>
<td>Application of rules specified in the Regulation on veal and young cattle meat marketing standards (mentions and terms to use) for un-prepacked meat.</td>
</tr>
<tr>
<td>Latvia</td>
<td>Food and Veterinary Service</td>
<td>The Cabinet Regulation n°257 of March, 24th 2009</td>
<td>N/A</td>
</tr>
<tr>
<td>Sweden</td>
<td>National Food Administration or municipalities Swedish Board of Agriculture</td>
<td>The Swedish national food administration is currently preparing national rules on this matter.</td>
<td>Adoption of new rules for un-prepacked meat should occur in accordance to Reg. (EC) 1234/2007 (general application of the Regulation on veal and young cattle meat marketing standards).</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Rural Economy Service</td>
<td>The Grand Ducal Regulation of January, 8th 2006, Art 4</td>
<td>Application of rules specified in the Regulation on veal and young cattle meat marketing standards for un-prepacked meat.</td>
</tr>
<tr>
<td>Greece</td>
<td>Directorate General of Animal Production of the Ministry of Rural Development and Food</td>
<td>Letter ref. n°31303 from Ministry of Rural Development</td>
<td>Application of rules specified the Regulation on veal and young cattle meat marketing standards for un-prepacked meat.</td>
</tr>
<tr>
<td>Malta</td>
<td>Veterinary Regulation, Fisheries Conservation and Control Division</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Slovenia</td>
<td>State Veterinary and Food Administration of the Slovak Republic</td>
<td>Slovenian rules on the labelling of beef meat, Article 2.</td>
<td>Application of rules specified in the Regulation on veal and young cattle meat marketing standards for un-prepacked meat.</td>
</tr>
<tr>
<td>Romania</td>
<td>National Sanitary Veterinary and Food Safety Authority</td>
<td>Romanian Instruction n°83334/26.10.2009</td>
<td>To be marketed, un-prepacked meat must be labelled with the age of slaughtering and the commercial name placed visibly.</td>
</tr>
<tr>
<td>Hungary</td>
<td>Farm Bureau Centre</td>
<td>National Regulations 82/2009 and 119/2009 implement Reg. (EC) 1234/2007 (general application of the Regulation on veal and young cattle meat marketing standards) in the Hungarian law. However nothing in this text deals with marketing of un-prepacked beef meat and sanctions applicable.</td>
<td></td>
</tr>
</tbody>
</table>

Administration in charge of the implementation of the Regulation on the veal and young cattle meat marketing standards

The entities that may be involved in the implementation and control of the Regulation depend on the administrations involved:

- Authority in charge of Agriculture and/or Food: Hungary, Greece, Finland and Austria.
- Veterinary authority: Cyprus, Czech Republic, Denmark, Slovak Republic, Estonia, Lithuania, Latvia, Malta, Slovenia, Romania.
- Authority in charge of Trade or Economy: United Kingdom and Luxembourg.

National rules for the labelling of meat sold un-prepacked at retail stage to the final consumer

On this point, except for Bulgaria, Malta and Hungary, all the other states notified the Commission of their national rules or European referent texts for the labelling of meat sold un-prepacked. Two of them were in the process of implementation: Sweden and the Slovak Republic. Different dispositions have been taken:

- Most of the Member States published a specific national text, where it is clearly mentioned that rules for un-prepacked beef meat are the same as for sold prepacked meat.
- Labels on bovine meat have to use the ‘veal’ denomination for calves slaughtered at less than eight months old.
- ‘Young cattle meat’ for young bovines slaughtered between eight and twelve months old.
- This is the case for Austria, Denmark, Estonia, Lithuania, Luxembourg, Greece, Slovenia and Romania.
- For Finland, the national rules specify that meat sold un-prepacked must have visible indications, but there is no information on what denominations must be used on the label.
- The United Kingdom’s and Cyprus’s national dispositions follow Regulations (EC) 1760/2000 and 1825/2000 on Beef Labelling Legislation which explains that non-pre-packed products have to be labelled. However, there is no indication on the denominations to use to distinguish ‘up to eight month’ and ‘between eight and twelve month beef, as Finland.
- The Czech Republic and Latvia have not sent their rule extracts on this specific point.

Penalties applicable

Concerning penalties, only Bulgaria has not notified us of its provisions on penalties. In most of the Member States studied, a fine is imposed for any violation. The penalty commonly increases to imprisonment if the violation is repeated.
2. The veal and young cattle market chain

This chapter describes the main characteristics and trends of the veal and young cattle market chain. First, general data in all the EU-27 Member States are presented. Then a more detailed description is provided for the Member States under examination in this study.

The veal and young cattle meat markets are described through a quantitative data on livestock herd, meat production, trade, prices, and through a qualitative evidence about the dynamics and specifications of this market sector.

The main statistical data have been collected from official sources (DG AGRI, Eurostat, national data). PVE has also been a helpful source for otherwise unavailable data.

2.1. General data

In 2012, EU bovine livestock herd numbered 86 million animals. Half of the animals were kept in four Member States: France (23%), Germany (15%), Italy (7%) and Spain (7%). Cow livestock represents 41% of the bovine population and 67% of them are dairy cows.

The meat produced was 7.5 million tonnes: 20% from France, 15% from Germany, 13% from Italy and 8% from Spain. Among the eight Member States targeted in this evaluation, Belgium and Portugal are the smallest producers of bovine meat with 3% and 1% respectively of European production.

European consumers ate 15.5 kg of bovine meat per person in 2012; with consumption ranging from 24.3 kg per person in France to 2.1 kg per person in Poland.

Table 5 - Bovine general overview in the EU-27 (2012)

<table>
<thead>
<tr>
<th>Country</th>
<th>Bovine livestock (1,000 heads)</th>
<th>Cows livestock (1,000 heads)</th>
<th>Dairy cows (1,000 heads)</th>
<th>Other cows (1,000 heads)</th>
<th>Meat production (1,000 t)</th>
<th>Bovine meat consumption (kg/hab.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FR</td>
<td>19,052</td>
<td>7,757</td>
<td>3,644</td>
<td>4,113</td>
<td>1,477</td>
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</tr>
<tr>
<td>DE</td>
<td>12,507</td>
<td>4,863</td>
<td>4,191</td>
<td>672</td>
<td>1,140</td>
<td>13.2</td>
</tr>
<tr>
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<td>9,726</td>
<td>3,432</td>
<td>1,802</td>
<td>1,630</td>
<td>883</td>
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<td>6,253</td>
<td>2,188</td>
<td>1,060</td>
<td>1,120</td>
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</tr>
<tr>
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<td>2,391</td>
<td>2,009</td>
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<td>981</td>
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<td>2,469</td>
<td>2,346</td>
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<td>678</td>
<td>237</td>
<td>442</td>
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<td>96</td>
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<td>74</td>
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<td>29</td>
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<td>22,923</td>
<td>11,904</td>
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</table>

Source: DG AGRI– Unit C.3 Animal products / Eurostat / GEB- Institut de l’Elevage

The veal market is a segment of the bovine meat market accounting for around 8% of the total beef demand in the EU.

The veal market in the EU is estimated at over 600,000 tonnes cwe⁶ per year and concentrated in a few Member States. France, Italy and Germany account for over 80% of the volume consumed. On the other hand, France, the Netherlands and Italy account for 80% of production and slaughter. Thus, the Netherlands is exporting massively to Italy, France and Germany.

Table 6 - Veal and young cattle general overview in the EU-27 (2012)

<table>
<thead>
<tr>
<th></th>
<th>Bov. &lt; 1 y. (1,000 heads)</th>
<th>for slaughter</th>
<th>Bov. &lt;1y. / bovine livestock</th>
<th>Veal prod. (1,000 t cwe) (2)</th>
<th>Veal carcase weight (kg/cwe)</th>
<th>Young cattle prod. (1,000 t)</th>
<th>Young cattle carcase weight (kg/cwe)</th>
<th>Veal consumption (t cwe) (1)</th>
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<td>187</td>
<td>136</td>
<td>30</td>
<td>266</td>
<td>227</td>
</tr>
<tr>
<td>DE</td>
<td>3,868</td>
<td>230</td>
<td>31%</td>
<td>47</td>
<td>142</td>
<td>12</td>
<td>182</td>
<td>104</td>
</tr>
<tr>
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<td>30%</td>
<td>3</td>
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<td>0</td>
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<td>20</td>
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<td>229</td>
<td>237</td>
<td>26</td>
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<td>0</td>
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<td>178</td>
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<td>193</td>
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<tr>
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<tr>
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<td>204</td>
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<tr>
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<tr>
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<tr>
<td>RO</td>
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<td>0</td>
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<td>118</td>
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<tr>
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<td>13</td>
<td>32%</td>
<td>2</td>
<td>96</td>
<td>0</td>
<td>163</td>
<td>na</td>
</tr>
<tr>
<td>SK</td>
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<td>21</td>
<td>29%</td>
<td>0</td>
<td>52</td>
<td>0</td>
<td>0</td>
<td>na</td>
</tr>
<tr>
<td>BG</td>
<td>121</td>
<td>49</td>
<td>23%</td>
<td>0</td>
<td>129</td>
<td>1</td>
<td>162</td>
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</tr>
<tr>
<td>LV</td>
<td>108</td>
<td>53</td>
<td>28%</td>
<td>0</td>
<td>52</td>
<td>1</td>
<td>133</td>
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<tr>
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<td>27%</td>
<td>0</td>
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<tr>
<td>LU</td>
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<td>0</td>
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<td>185</td>
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</tr>
<tr>
<td>CY</td>
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<td>217</td>
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</tr>
<tr>
<td>MT</td>
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<td>31%</td>
<td>na</td>
<td>0</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
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<td>188</td>
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<tr>
<td>EU 27</td>
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<td>646</td>
<td>140</td>
<td>384</td>
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<td>646</td>
</tr>
</tbody>
</table>

Elaboration AND international - Sources: DG AGRI– Unit C3 (consumption data) / Eurostat / GEB– Institut de l’Elevage/ PVE/ BVK

(1) Estimates based on slaughtering + Dutch and Belgian shipments to the considered Member State.

(2) Slaughtering

⁶ Carcasse Weight Equivalent
According to Eurostat figures veal calves slaughtering in the EU reached 646,000 tonnes cwe in 2012. This volume is distributed as follows:

- France: 29%
- The Netherlands: 28%
- Italy: 19%
- Belgium: 8%
- Germany: 7%
- Spain: 3%
- Portugal: 2%
- Poland: 1%

Veal consumption is mainly shared between France (37%), Italy (29%) and Germany (17%).

Since the implementation of the veal and young cattle meat new marketing standards, young cattle meat is also tracked by Eurostat. In 2012, 384,000 tonnes cwe were slaughtered in the EU-27. This volume is shared as follows:

- Spain: 60%
- The Netherlands: 10%
- France: 8%
- Portugal: 4%
- Germany: 3%

Spain appears to be a special case, first in terms of volume, and second because 'ternera' (young cattle) corresponds to a specific pattern of consumption as well.
2.2. Slaughtering data

The table below presents veal and young cattle meat production during the evaluation period. Following the implementation of the new marketing standards, a new segmentation appears in the statistics: since 2009, veal and young cattle meat are separated.

Table 7 - Veal and young cattle meat production (slaughtering)

<table>
<thead>
<tr>
<th>Tonnes cwe (x1,000)</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Veal and young cattle meat</td>
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<td>53</td>
<td>54</td>
<td>53</td>
<td>51</td>
<td>53</td>
<td>56</td>
<td>53</td>
<td>53</td>
</tr>
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<td>na</td>
<td>na</td>
<td>na</td>
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<td>6</td>
<td>2</td>
<td>3</td>
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<td>45</td>
<td>43</td>
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<td>40</td>
<td>46</td>
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<td>29</td>
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</tr>
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<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>19</td>
<td>20</td>
<td>18</td>
</tr>
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<td>Young cattle meat</td>
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<td>142</td>
<td>142</td>
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<td>127</td>
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<tr>
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<td>na</td>
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<tr>
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<td>na</td>
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<td>na</td>
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<tr>
<td>Veal and young cattle meat</td>
<td>186</td>
<td>198</td>
<td>212</td>
<td>205</td>
<td>212</td>
<td>223</td>
<td>223</td>
<td>222</td>
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</tr>
<tr>
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<td>na</td>
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<td>na</td>
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<td>na</td>
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<td>165</td>
<td>176</td>
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<td>na</td>
<td>na</td>
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<td>9</td>
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<td>15</td>
<td>11</td>
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</tr>
<tr>
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<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
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<td>na</td>
<td>na</td>
<td>15</td>
<td>11</td>
<td>9</td>
</tr>
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<td>na</td>
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<td>na</td>
<td>na</td>
<td>10</td>
<td>9</td>
<td>10</td>
</tr>
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<td>Young cattle meat</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>13</td>
<td>11</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Veal and young cattle meat</td>
<td>216</td>
<td>198</td>
<td>174</td>
<td>162</td>
<td>59</td>
<td>74</td>
<td>na</td>
<td>na</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>Veal</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>20</td>
<td>na</td>
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<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>54</td>
<td>55</td>
<td>61</td>
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<td></td>
<td></td>
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<tr>
<td>Veal and young cattle meat</td>
<td>950</td>
<td>965</td>
<td>917</td>
<td>870</td>
<td>803</td>
<td>932</td>
<td>na</td>
<td>na</td>
<td>1 031</td>
<td></td>
</tr>
<tr>
<td>Veal</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>640</td>
<td>na</td>
<td>646</td>
</tr>
<tr>
<td>Young cattle meat</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>292</td>
<td>344</td>
<td>393</td>
</tr>
</tbody>
</table>

Source: Eurostat Meat production and foreign trade annual data [aprio_mt_pann] - (NB these data do not include slaughtering other than in slaughterhouses) - na: not available
The main veal and young cattle meat producers are Spain, France and the Netherlands. These three Member States produce 66% of European production. France and the Netherlands are the main producers of veal: 89% of the meat from animals less than twelve months in France and 74% in the Netherlands are sold as veal.

Spain produces mainly young cattle meat (87% of the total veal and young cattle). It is to be noted that the strong increase observed between 2008 and 2009 is due to a modification in the statistical categories: before 2009, only carcasses under 170 kg were included in the statistical series. After the implementation of new marketing standards, the category ‘veal and young cattle’ corresponds to the animals aged less than twelve months old, with a distinction between veal (animals aged less than eight months old) and young cattle (animals between eight and twelve months old).

A limited number of veal-calves are slaughtered outside the official abattoirs. According to Eurostat (Eurostat ([apro_mt_sloth] serie) 283 000 veal calves were slaughtered in the EU-28 in 2012, out of which 100 000 head in Romania, Bulgaria and Croatia. Poland ranks first among the other Member States (96 000 heads). France ranks second (35 000 heads), Latvia ranks third (18 000 heads) and Sweden fourth (8 000 heads). No ‘unofficial’ slaughtering are recorded in the Netherlands, in Italy in Belgium, in Spain and in Portugal. In Germany 3 000 heads are recorded.

Eurostat data also show the same phenomena’s for young cattle. 180 000 heads were slaughtered in the EU in 2012, out of which 142 143 in Romania and 26 200 in Bulgaria.

These data are available from 2008 to 2012 and do not show significant changes over time.

2.3. EU consumption

As the data on trade are not available from Eurostat and Comext (except for 2012), we cannot, at this stage, estimate the volume of veal consumed in each MS targeted in this study. Most of the time, the veal consumption is included in the bovine meat consumption.

<table>
<thead>
<tr>
<th>Table 8 - Beef and veal consumption in EU per MS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1000 t cwe</strong></td>
</tr>
<tr>
<td>Average 2003/2007</td>
</tr>
<tr>
<td>Average 2008/2012</td>
</tr>
<tr>
<td><strong>Kg per capita</strong></td>
</tr>
<tr>
<td>Average 2008/2012</td>
</tr>
</tbody>
</table>

Source: DG AGRI – Unit C3 Animal Products

Veal consumption can be estimated by addition of national slaughtering and Dutch and Belgian sales to the purchasing countries. This calculation shows (chart below) that France, Italy and Germany account for 82% of all EU consumption.
Spain, Portugal and Belgium import less than 5,000 tonnes per year from the Netherlands, thus their national consumption is close to their production.

The main domestic markets have evolved differently. The French and Italian markets, characterised by a traditional approach (white veal fed with milk) are declining (with -19% and -17% respectively between 2003 and 2009). The German market is growing, fuelled by domestic production and imports from Belgium and the Netherlands.

Few other Member States have a noticable consumption and production: Poland, Austria, and Sweden markets size must be between five and ten thousand tonnes cwe; the United Kingdom, Romania, Greece and Slovenia markets are under five thousand tonnes cwe.

2.4. Price analyses

DG AGRI collects prices of calves from eight days to four weeks (newborn calves) and the prices of veal carcasses at the slaughtering stage.

Firstly, we note that price levels are very different from one MS to another.

According to PVE annual reports, Dutch integrators buy newborn calves in many EU countries (Germany, Poland, Lithuania, Belgium, and Ireland). Such a trade leads to moderate prices.

As Spain has a large beef fattening industry and a limited cow herd, it needs to import young calves including a large proportion of cross-herd calves (not only from the milk herd). This proportion largely explains the high prices. These are destined to become ‘ternera’ or young bulls.

In France and Italy average prices reflect different products: milk calves, crossbred calves, and cattle breed calves.

We will comment on the general evolution of newborn calf prices in chapter 3 (external factors).
Table 9 - Prices of calves from eight days to four weeks (EUR/100kg)

<table>
<thead>
<tr>
<th>Year</th>
<th>DE</th>
<th>ES</th>
<th>FR</th>
<th>IT</th>
<th>NL</th>
<th>UE27</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>242.4</td>
<td>267.3</td>
<td>222.1</td>
<td>312.8</td>
<td>160.8</td>
<td>224.0</td>
</tr>
<tr>
<td>2004</td>
<td>215.7</td>
<td>256.1</td>
<td>219.8</td>
<td>302.8</td>
<td>163.3</td>
<td>213.2</td>
</tr>
<tr>
<td>2005</td>
<td>243.3</td>
<td>246.9</td>
<td>227.9</td>
<td>188.0</td>
<td>180.5</td>
<td>200.6</td>
</tr>
<tr>
<td>2006</td>
<td>272.5</td>
<td>275.1</td>
<td>244.0</td>
<td>203.9</td>
<td>189.7</td>
<td>217.0</td>
</tr>
<tr>
<td>2007</td>
<td>223.1</td>
<td>233.3</td>
<td>179.7</td>
<td>164.5</td>
<td>133.2</td>
<td>174.4</td>
</tr>
<tr>
<td>2008</td>
<td>205.5</td>
<td>200.4</td>
<td>152.5</td>
<td>163.5</td>
<td>124.8</td>
<td>161.4</td>
</tr>
<tr>
<td>2009</td>
<td>234.2</td>
<td>223.1</td>
<td>172.7</td>
<td>184.9</td>
<td>152.2</td>
<td>182.0</td>
</tr>
<tr>
<td>2010</td>
<td>321.8</td>
<td>209.2</td>
<td>163.2</td>
<td>182.0</td>
<td>136.3</td>
<td>199.0</td>
</tr>
<tr>
<td>2011</td>
<td>354.0</td>
<td>206.3</td>
<td>161.9</td>
<td>170.8</td>
<td>143.3</td>
<td>212.8</td>
</tr>
<tr>
<td>2012</td>
<td>392.9</td>
<td>225.0</td>
<td>173.8</td>
<td>178.8</td>
<td>140.4</td>
<td>232.8</td>
</tr>
</tbody>
</table>

Source: DG AGRI Unit C3 Animal Products – No data available for Belgium Poland and Portugal

Prices at the slaughterhouse gate have been collected by DG AGRI in Belgium, France, Italy and the Netherlands. German prices are collected by AMI.

Table 10 data shows that the price is always lower in the Netherlands (except in 2012, when Italy surpassed it) and always higher in France. This gap reflects two different approaches to the product: the Dutch production is constituted by rosé veal (grain fed) and white veal (milk fed) whereas the French output is only white veal.

Table 10 - Price of the veal (EUR/100kg) – Carcasses at the slaughtering stage

<table>
<thead>
<tr>
<th>Year</th>
<th>BE</th>
<th>DE</th>
<th>FR</th>
<th>IT</th>
<th>NL</th>
<th>UE27</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>512.5</td>
<td>432</td>
<td>539.7</td>
<td>459.7</td>
<td>441.9</td>
<td>491.4</td>
</tr>
<tr>
<td>2004</td>
<td>523.2</td>
<td>436</td>
<td>569.6</td>
<td>475.7</td>
<td>460.8</td>
<td>515.3</td>
</tr>
<tr>
<td>2005</td>
<td>507.1</td>
<td>430</td>
<td>515.5</td>
<td>439.7</td>
<td>419.8</td>
<td>470.1</td>
</tr>
<tr>
<td>2006</td>
<td>579.2</td>
<td>478</td>
<td>579.5</td>
<td>487.2</td>
<td>475.9</td>
<td>528.6</td>
</tr>
<tr>
<td>2007</td>
<td>608.6</td>
<td>492</td>
<td>605.3</td>
<td>522.9</td>
<td>497.8</td>
<td>557.5</td>
</tr>
<tr>
<td>2008</td>
<td>608.2</td>
<td>448</td>
<td>573.8</td>
<td>435.1</td>
<td>413.3</td>
<td>497.7</td>
</tr>
<tr>
<td>2009</td>
<td>604.6</td>
<td>439</td>
<td>557.1</td>
<td>440.4</td>
<td>413.4</td>
<td>493.2</td>
</tr>
<tr>
<td>2010</td>
<td>606.8</td>
<td>453</td>
<td>575.3</td>
<td>445.4</td>
<td>436.5</td>
<td>507.5</td>
</tr>
<tr>
<td>2011</td>
<td>632.5</td>
<td>488</td>
<td>608.5</td>
<td>492.5</td>
<td>488.2</td>
<td>548.6</td>
</tr>
<tr>
<td>2012</td>
<td>631.7</td>
<td>489</td>
<td>622.6</td>
<td>467.9</td>
<td>479.5</td>
<td>546.1</td>
</tr>
</tbody>
</table>

Source: DG AGRI – Unit C3 Animal Products except Germany (Source AMI)

Prices are consistently higher in France and Belgium. Prices in the Netherlands and Germany are quite similar. The Italian price is a slightly higher than the Dutch one. In 2012, for the first time in the period, the Italian price was under the Dutch one.

Only few data are available concerning retail prices:

- In France official series are still available through INSEE dataset; Kantar / FranceAgriMer consumer panel provides also retail prices by channel.
- In Belgium, GFK consumer panel provides retail prices.

Table below shows that, from 2002 to 2012, retail prices have risen sharply.
Table 11 – Available retail prices

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France (premium sliced veal)</td>
<td>18.25</td>
<td>18.93</td>
<td>19.36</td>
<td>20.29</td>
<td>20.88</td>
<td>22.05</td>
<td>22.17</td>
<td>22.32</td>
<td>22.69</td>
<td>23.13</td>
<td>23.7</td>
</tr>
<tr>
<td>Belgium (All cuts)</td>
<td>10.6</td>
<td>11.2</td>
<td>11.4</td>
<td>12.1</td>
<td>12.2</td>
<td>12.9</td>
<td>12.8</td>
<td>13.3</td>
<td>13.3</td>
<td>13.8</td>
<td>14.4</td>
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<td>130</td>
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<td>115</td>
<td>122</td>
<td>121</td>
<td>125</td>
<td>125</td>
<td>130</td>
<td>136</td>
</tr>
</tbody>
</table>

Source: INSEE and GFK Belgium

2.5. Intra-EU trade data

Few data are available concerning calf and veal meat trade. Eurostat give information about ‘LIVE CATTLE OF A WEIGHT <= 80 KG (EXCL. PURE-BRED FOR BREEDING)’. This category reflects trade of newborn calves.

Customs categories cannot reflect internal exchanges of calves to be slaughtered as live weight ranges do not correspond with average carcass weight categories.

There is no official data for the veal exchange. The Dutch and the Belgian professional bodies collect data from companies and publish yearly figures.

We present here data on newborn calves and about the Dutch veal exports.

According to Eurostat, 1.2 million of young calves were exchanged within the EU28 MS in 2012.

Table 12 - Major flows of newborn (less than 80 kg) calves in 2012 – in heads –

<table>
<thead>
<tr>
<th>IMPORTING MEMBER STATES</th>
<th>Number of Heads</th>
<th>%</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU28</td>
<td>1,238,052</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td>736,738</td>
<td>59.5%</td>
<td>59.5%</td>
</tr>
<tr>
<td>Spain</td>
<td>228,348</td>
<td>18.4%</td>
<td>78.0%</td>
</tr>
<tr>
<td>Italy</td>
<td>120,255</td>
<td>9.7%</td>
<td>87.7%</td>
</tr>
<tr>
<td>France</td>
<td>89,292</td>
<td>7.2%</td>
<td>94.9%</td>
</tr>
<tr>
<td>Belgium</td>
<td>23,206</td>
<td>1.9%</td>
<td>96.8%</td>
</tr>
<tr>
<td>Germany</td>
<td>19,892</td>
<td>1.6%</td>
<td>98.4%</td>
</tr>
</tbody>
</table>

Source: Eurostat – (Comext -DS-045409-EU Trade Since 1988 by HS2, 4, 6 and CN8) – Code 0102 2910

This table shows that the Netherlands is the main destination for young calves. The second destination is Spain (where calves are to be bred as ‘terneras’ or ‘añojos’). Italian breeders have to import a significant part of the calves they need, both for beef and veal production.

During the study period internal trade has fluctuated with the highest point in 2004 which corresponds to the entry of ten new Member States in the Union. Flows have evolved along the national conjuncture of dairy and beef meat industries.

8 Custom codes used for newborn calves are: 01029005 until 2011 and 01022910 for the year 2012.
According to PVE annual reports, major export flow in Europe is from Germany to the Netherlands, which is a proximity trade, as Lower Saxony is close to the Netherlands.

Table 13 - Dutch veal exports

<table>
<thead>
<tr>
<th>1,000 t cwe</th>
<th>Italy</th>
<th>Germany</th>
<th>France</th>
<th>Spain</th>
<th>Portugal</th>
<th>Belgium &amp; Lux</th>
<th>Other countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>65.9</td>
<td>42.0</td>
<td>36.1</td>
<td>6.4</td>
<td>7.2</td>
<td>4.1</td>
<td>10.3</td>
</tr>
<tr>
<td>2004</td>
<td>74.7</td>
<td>40.3</td>
<td>38.6</td>
<td>6.8</td>
<td>6.6</td>
<td>4.6</td>
<td>12.3</td>
</tr>
<tr>
<td>2005</td>
<td>81.3</td>
<td>39.1</td>
<td>37.2</td>
<td>6.0</td>
<td>5.7</td>
<td>4.0</td>
<td>15.7</td>
</tr>
<tr>
<td>2006</td>
<td>76.6</td>
<td>38.4</td>
<td>35.3</td>
<td>5.5</td>
<td>5.6</td>
<td>3.8</td>
<td>16.7</td>
</tr>
<tr>
<td>2007</td>
<td>77.4</td>
<td>43.1</td>
<td>38.4</td>
<td>7.3</td>
<td>10.0</td>
<td>3.3</td>
<td>17.3</td>
</tr>
<tr>
<td>2008</td>
<td>76.8</td>
<td>45.4</td>
<td>38.0</td>
<td>6.6</td>
<td>7.2</td>
<td>3.6</td>
<td>23.3</td>
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<tr>
<td>2009</td>
<td>85.3</td>
<td>46.6</td>
<td>43.7</td>
<td>4.8</td>
<td>2.5</td>
<td>3.9</td>
<td>20.3</td>
</tr>
<tr>
<td>2010</td>
<td>77.8</td>
<td>54.1</td>
<td>42.8</td>
<td>4.2</td>
<td>2.5</td>
<td>3.7</td>
<td>22.9</td>
</tr>
<tr>
<td>2011</td>
<td>74.0</td>
<td>56.2</td>
<td>40.2</td>
<td>4.7</td>
<td>2.3</td>
<td>3.5</td>
<td>24.2</td>
</tr>
<tr>
<td>2012</td>
<td>71.2</td>
<td>58.6</td>
<td>34.2</td>
<td>4.8</td>
<td>2.4</td>
<td>3.2</td>
<td>25.6</td>
</tr>
<tr>
<td>Average 03-07</td>
<td>75.2</td>
<td>40.6</td>
<td>37.1</td>
<td>6.4</td>
<td>7.0</td>
<td>4.0</td>
<td>14.5</td>
</tr>
<tr>
<td>Average 08-12</td>
<td>77.0</td>
<td>52.2</td>
<td>39.8</td>
<td>5.0</td>
<td>3.4</td>
<td>3.6</td>
<td>23.3</td>
</tr>
</tbody>
</table>

Evolution: 2% 29% 7% -22% -52% -10% 61%

Source: PVE annual reports

Concerning the trade of veal, the table above shows that Italy is still the main destination for the Dutch veal, but this flow is slowly declining. The same conclusion can be made for France. Decrease is more important for the secondary export destinations (such as Spain, Portugal and Belgium). Growing markets are Germany and others destinations, including third countries.
2.6. **General scheme of the veal production in the eight case study Member States**

The scheme presented below represents the three main flows of calves / veal between the eight Member States covered by the study:

- The newborn veal exchanges are based on Comext imports data: ‘cattle of a weight <= 80kg excluding pure bred for breeding’ (customs code: 01022910);
- The veal exchanges are based on Dutch (PVE) data and estimates for the Belgian shipment flows.
- The Netherlands is at the heart of exchange flows; it is the main newborn calves’ importer and the main veal exporter.
- They import significant volumes of newborn calves from Belgium (68 000 heads) and they ship significant volume to France (58 000 heads) and a small volume to Belgium (10 000 heads). These flows are consequences of the optimization of their integration business: the main integrators working in France are Dutch and the geographical proximity of Northern Belgium and the Netherlands facilitates those exchanges.
- Germany and Poland are the key providers of newborn calves to the Dutch industry; Dutch sources can change depending on opportunities; the share of the German market was 44% in 2005 and 50% in 2012; the Polish market share fell from 24% in 2005 to 13 % in 2012. This change reflected the choices made by local breeders. For example, the drop of the Polish share is a consequence of the increase in fattening activity in Poland.
- Veal is exported to Italy (35% of all the veal exported by the Netherlands in 2012), Germany (29%) and France (17%). Dutch companies aim at broadening their market to compensate the decline of traditional consumers and look for selling meat to third countries.

Belgium’s profile is very close to the Dutch one, with a production far bigger than its internal market. Belgium exports veal to Italy, France and Germany. Nevertheless, Belgium is not an important purchaser of newborn calves.

France and Italy import veal and newborn calves. France and Italy also ship light calves to Spain (these animals are to become ‘ternera’ and not veal-calves). Germany also imports veal and is the first supplier of newborn calves to the Dutch industry.

Poland is a particular case. It ships newborn calves to the Netherlands, Italy and Spain. However, the Polish consumers do not buy a lot of beef and veal.

Portugal plays a minor role in this system as it only imports limited veal quantities from the Netherlands.

Spain is a major importer of newborn calves (as well as weanlings) destined to ‘ternera’ and ‘añojo’ fatteners. Spain also imports a little tonnage of veal.

This trade description should show the flows of animals ready to be slaughtered, but the customs code is too imprecise. We indicate here the major flows we identified through the field survey:

- Italian and German slaughterhouses buy some veal-calves from the Netherlands and Belgium;
- Spanish companies buy some veal-calves ready to slaughter in Portugal.
Figure 5 – Flows of veal calves and veal between the 8 Member States of the study (2012)

Source: Comext, PVE (the Netherlands), Estimates for veal flows from Belgium
2.7. National overviews

2.7.1. The Netherlands

The Netherlands leads the veal industry at European level and worldwide.

It is characterised by:

• A production segmented in three categories: white veal (around 70% of the total number of slaughtered heads), rosé veal (under eight months, 15%) and rosé kalfsvlees (over eight months, 15%).

• A production of veal and young cattle meat of 219,200 tonnes in 2012; 90% of the production is targeted to external markets (mainly western EU and occasionally to third countries).

• A stable and relatively small internal market.

• A highly concentrated and vertically integrated industry. Three companies control more than 90% of integration and/or slaughtering and have subsidiaries in France, Belgium and Portugal.

Figure 6 – Calf / veal and young cattle market chain in the Netherlands in 2012

Two streams of calves enter the veal market: calves (mainly bulls) from dairy farms and calves from specific meat calf farms.

The veal sector is divided into two production and marketing systems: white veal and rosé veal. About 70% of Dutch veal farms are producing white veal calves.

In the Netherlands, integrators and slaughterhouses are combined. Concentration of the industry has accelerated within the evaluation period (Van Drie, the leading Dutch company, took over Alpura in 2010).
The Van Drie Group has the largest market share in the Netherlands with one million heads slaughtered in 2013, representing a market share of 20% in the European market and 73% in the Dutch market. Van Drie is the number one company in both the Netherlands and the EU.

-2713-Internal market information (price, consumption)

Veal consumption in the Netherlands is relatively low and has been floating between 1.3 and 1.7 kg per capita per year for the past 10 years.\(^9\) In 2003 average veal consumption in the Netherlands was 1.3 kg per capita, 1.7 kg per capita in 2008 and 1.5 kg in 2012.\(^11\)\(^12\)

In 2012, veal consumption was slightly lower than in 2011 because of higher meat prices reflecting higher feed costs and lower meat purchases due to the general economic crisis.

In the Netherlands, no specific consumption data on young cattle are available. The consumption figures of the veal and cattle meat are not divided into specific subcategories.

No statistical data on retail prices are available in the Netherlands.

-2714-Trade flows

In the Netherlands, imports of calves and exports of meat play an important role.

According to PVE (Productshappen Vee, Vlees en Eieren / Dutch meat and eggs marketing board), the Dutch industry purchased a large quantity of newborn calves, mainly from Germany (50.3%) and Poland (13.3%) in 2012. Calves are purchased at three weeks to be fattened to become calves for veal meat or young cattle meat. Dutch companies also ship newborn calves to Belgium and France, where local subsidiaries have contracts with breeders.

The Dutch industry ships 90% of veal and young cattle meat to Italy, Germany, France, Spain and other EU Member States. In 2012, 35.6% of the veal was sold to Italy, 29.3% to Germany and 17.1% to France. Nowadays, Dutch companies are working to develop third-country markets, such as Turkey and China.

-2715- Control system organisation

The official control system of the veal sector in the Netherlands is carried out by the NVWA (Nederlandse Voedsel en Warenautoriteit / food safety authority). The Dutch NVWA is responsible for food safety controls, including farms, slaughter plants and retail stores.

All calves are registered at birth with the public body ‘Dienst Regelingen’ and are traced throughout the supply chain, including controls at the farm and at the slaughterhouse. These data are available from NVWA.\(^13\)

The veal carcasses are labelled in the slaughterhouse with V or Z to conform to EU legislation. The Regulation stipulates that young cattle (< twelve months) need to be marked with regard to their age group (V: no older than eight months and Z: over eight not older than twelve months).

The Netherlands has two private certification systems which merged on 1\(^{st}\) January 2014: SKV (Stichting Brancheorganisatie Kalversector) for controls on growth promoters, and IKB Vleeskalveren (Integrale Keten Beheersing) for animal welfare, hygiene, feeding, transport and food safety (including antibiotics). The control and certification activities conforming to EN 45011 are performed by SKV.

In the Netherlands, almost all the veal is produced according to the IKB quality system (95%). This system provides assurance on animal health and welfare, food safety and quality. The IKB is divided into two systems, one for white meat and one for rosé meat.

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\(^9\) Livestock, Meat and Eggs in the Netherlands, annual surveys 2004 t/m 2012
\(^10\) Voorlopig jaarcijfers 2013 sector vleeskalveren, PVE 2014
\(^11\) Livestock, Meat and Eggs in the Netherlands, annual surveys 2004 t/m 2012
\(^12\) Voorlopige jaarcijfers 2013 sector vleeskalveren, PVE 2014
\(^13\) Intakerapportage casus. Toezicht Kalversector, min EZ 2010
2.7.2. France

**-2721- National market sheet**

The French veal market is among the largest in the EU. It is characterised by:

- Diversity of production systems (veal calves from dairy herds through the integration system; traditional suckled calves);
- Slight decline of demand, especially for fresh meat sold to households; this market segment is one of the most demanding in terms of the white meat;
- A long-term takeover movement of French specialised companies by leading Dutch groups;
- The young cattle meat market does not exist; the ‘Veau d’Aveyron et du Ségala’, a PGI product whose specifications allow slaughtering after eight months, is the only case in which young cattle meat is identified, but it is sold as veal.

**Figure 7 – Calf/veal and young cattle market chain in France in 2012**

- External purchase
  - Newborn calves: 89,000 heads
- External purchases
  - Cattle (> 160 kg < 300 kg) for slaughter: 30,000 heads
- LIVESTOCK: CALVES FOR SLAUGHTER
  - (Number of heads)
  - 1,378,000 calves + 112,000 young cattle 8-12 months
- Slaughtering < 8 months calves: 187,000 t cwe
- Slaughtering: Young cattle: 30,000 t cwe
- External sales
  - Newborn calves: 125,000 heads
- Cattle (> 160 kg < 300 kg) for slaughter: 10,000 heads
- External sales (meat)
  - Veal: 44,400 t cwe
- VEAL DOMESTIC MARKET
  - 231,000 t cwe
  - 3.8 kg cwe/capita
- YOUNG CATTLE DOMESTIC MARKET
  - The ‘Veau d’Aveyron’ is the only specific market for meat from cattle slaughtered between eight and twelve months. (3,000 t cwe). The other carcasses are sold as beef.

Source: Eurostat / Comext / Dutch and Belgian professional statistics

**-2722-Production system and product characteristics**

Most of the market (over 80%) is white veal, from animals bred through the integration system: calves belong to a company and are given to farmers to be raised with industrial food made from milk powder, whey and cereals.

As French veal production is continuously decreasing, the sector is getting increasingly concentrated. The top five French integrators account for nearly 55% of national veal production (integration and suckling calves). Among these five companies, four belong to Dutch veal companies (Sobeval, Denkavit, Mamellor, and Tendriade).
French consumers prefer white veal; colour is the first purchase criterion. However, the demand characteristics also depend on the final product and where it is sold:

- For secondary processing companies, which are not slaughterhouses, most meat is imported and colour is an irrelevant criteria. The most important is the denomination ‘veal’ and the price.
- In supermarkets that sell fresh meat, colour, tenderness and price are the main criteria. These stores usually buy the meat of pure dairy calves bred through the integration system.
- In butcher shops and supermarkets, cross-bred veal and suckling calves account for the majority of veal sold, even if the meat is more expensive.

Finally, in the food service sector, price is the main criterion whether the meat is imported (for processed products) or from pure dairy calves bred through the integration system.

-2723-Internal market information (price, consumption)

Veal consumption in France has been steadily decreasing in the last few years. In 2012, average consumption was 3.8 kg (carcass weight) per capita, 27% less than in 2000.

The decline is due to a decrease in purchasing power and changing purchasing habits as new generations of consumers did not grow up eating veal. Veal is one of the most expensive meats in France, alongside with lamb meat. In retail stores, prices have increased by 51% in 22 years, and by 7% between 2008 and 2013.

Young cattle meat from the animals aged eight to twelve months does not really find an outlet in France as the French consumers prefer veal or young bull meat of twelve to twenty-four months old.

-2724-Estimate of trade flows

French exchanges of newborn calves are not very significant: 89,000 heads imported and 125,000 heads exported.

The trade flows of ready-to-slaughter calves are not known with precision. Customs data does not distinguish flows according to the age of animal but the weight. Surveys reveal that few veal-calves come from Belgium or the Netherlands and that French integrators or breeders do not sell veal-calves abroad.

44,400 t cwe of veal were imported from the Netherlands and Belgium in 2012. This flow has fluctuated slightly during the period under analysis. Imports account for 20% of the French market.

-2725-Control system organisation

The General Directorate for Fair Trading, Consumer Affairs and Fraud Control (DGCCRF) monitors the national control plan at national level. There is a specific control plan for traceability and labelling in the bovine meat sector, which includes veal. This is carried out by agents of the DGCCRF through 5,000 annual checks.

The total number of checks is defined at national level, but the choice of operators to control is done at local or regional level. Inspections are conducted all along the market chain, from breeders to distributors:

- In farms - there is no control specific to veal calves. At this point identification rules that apply to all bovines are used.
- In slaughterhouses - FranceAgriMer (FAM) is in charge of permanent controls while the DGCCRF provides the secondary level of inspections (about 100 per year).

Along the veal supply chain, controls are mainly on the labelling of origin and the use of the term ‘veal’. The age of slaughtering must also be mentioned on non-processed fresh meats.
2.7.3. Germany

-2731- National market sheet

Veal production is small compared to the main stakeholders within the EU. It is characterised by:

- Two production areas: the north-west of Germany, where production is highly specialised and intensive, and the south of Germany with a more extensive production with traditional special dishes made from veal.
- Calf production (integration and slaughtering) is highly concentrated and it is composed of animals largely milk-fed, with light carcass weight compared to the EU average (130 to 140 kg/head).
- Veal meat and young cattle meat represent 5% of bovine meat production (with veal accounting for 4% and young cattle for 1%). Veal consumption is 112,000 t cwe.
- Meat from animals aged from eight to twelve months, i.e. young cattle meat, is sold as beef.

Figure 8 – Calf/veal and young cattle market chain in Germany in 2012

Source: AND-I from Eurostats, DESTATIS, and PVE

-2732- Production system and product characteristics

The calf-fattening sector is highly concentrated in Germany, with three companies representing the majority of slaughtering. According to the professional association of calf fatteners, two-thirds of fatteners are integrated with feed and/or slaughtering companies via contracts, with one third of fattener farmers being independent.

No statistical data are available on veal processing. According to the association of calf fatteners, most of the calves that have been raised and slaughtered in Germany are sold as fresh meat through the following channels: 50% to wholesalers and retailers; 40% to the processing industry and döner kebabs; 10% to the offal market. Döner production alone is estimated to represent about 20% of the market and it may be the main driver for the overall consumption increase.

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14 Traditional Turkish dishes made with several meats.
Veal in Germany is eaten as a darker meat than in France or Italy. Germany is therefore a good market for rosé veal cuts. According to the organisation of calf fatteners, the fresh veal market is divided between white meat (80%) and rosé meat (20%).

All interviewees agree that traditional veal consumers have a relatively high standard of living. On the contrary, ‘döner’ kebabs are relatively cheap purchases. Veal is one of its traditional ingredients. It has to be cheap to be integrated satisfactorily into the recipe. This fast-food is Halal meal for Muslim people, who rate this characteristic as important.

-2733-Internal market information (price, consumption)

According to a GIRA report\textsuperscript{15}, German veal consumption is stable and relatively low at around 1kg/capita (1.04 kg in 2009). According to the professional organisation of calf fatteners, the market is still growing – but slowly, because of the financial crisis and the high cost of veal for consumers.

According to our interviews, there is almost no consumption of young cattle meat in Germany as fresh meat. There is no specific market or demand for it. The three main slaughterhouses only slaughter calves less than eight months old.

No statistical data are available on veal price. However, according to one retailer interviewed, the retail price for veal rose by 20% from 2007 without any change in market size. This was mainly because of the rise in feed price.

-2734-Estimate of trade flows

German exports of newborn calves are about 503,000 heads, mainly to the Netherlands, which is the most important flow in the EU (a little over 60% of German exported calves in 2007 and 85% in 2012). Germany provides the Netherlands mostly with dairy calves.

German exchanges of calves for slaughter are not very sizeable: 30,000 heads imported and 1,000 heads exported in 2012; 65,000 t cwe of meat were imported from the Netherlands and Belgium, thus German market is highly dependent on imports.

The German imports from the Netherlands have increased over the last five years.

-2735-Control system organisation

As a federal country, supervision in Germany is divided between several authorities at state or federal level. The supervisory authorities of the federal states (‘Bundesländer’) are responsible for supervising the classification of bovine animals at the slaughterhouse into categories V and Z.

The following authorities are responsible for supervising the labelling of the meat of young bovine animals at all stages of the marketing chain:

- The operators of approved beef labeling systems regarding voluntary labeling system; or approved slaughterhouses and cutting halls; or operators who prepare minced beef.
- In all other cases the competent authorities of the federal states are responsible for labelling.

\textsuperscript{15} Global Veal Market Overview report conducted by GiRA for PVE – May 2011
2.7.4. Italy

-2741-National market sheet

The Italian market is characterised by:

- A highly concentrated industry, six companies control around 70% of the production.
- Slaughtering, processing and marketing activities are closely related and often performed by the same companies.
- Veal purchase for domestic consumption decreased by 6.8% between 2009 and 2013. Demand for prepared veal increases compared to demand for fresh veal.
- There is no specific demand for eight-to-twelve-month-old young cattle. Italian consumers prefer white meat.

Figure 9 – Calf/veal and young cattle market chain in Italy in 2012

Source: Eurostat / Comext / Dutch and Belgian professional statistics / ISMEA

-2742-Production system and product characteristics

Veal production is undergoing a process of concentration, with the six leading companies (Inalca, Unipeg, Vercelli, Colomberotto, Olivieri and Stefanini) accounting for approximately 70% of the total number of calves under eight months.

The five biggest companies are integrated meat processing companies controlling the supply chain from farm production to product distribution. Only Stefanini is a pure livestock farmer.

No statistical data are available for processed veal volumes.

Prepared veal still accounted for a small share of the total purchases of fresh veal (less than 3% in both volume and value terms) in 2013.

However, whilst veal purchases show a declining trend between 2009 and 2013 both in total and for natural fresh cuts (-5% and -5.6% respectively), purchase of prepared veal has increased by 22.4% in volume terms over the same period, suggesting the potential for greater market development.
According to industry representatives, consumers choose meat and veal in particular based on the following criteria (in order of importance): price, colour and origin.

The reduced household purchase power due to the economic crisis has made consumers more attentive to meat prices and pushed down meat purchasing.

When buying veal, Italian consumers expect to buy white meat. Part of the consumer market (but this is difficult to quantify) is attentive to where the meat comes from and shows a preference for domestic products.

- **2743-Internal market information (price, consumption)**

According to the ISMEA Family panel, in 2013 veal represented 26% of total bovine meat purchases. This share has not changed from 2009 to 2013, showing that the relationship between beef and veal consumption has remained stable.

The domestic market for veal was down by 6.8% between 2009 and 2013. The decrease in purchased volumes is, according to industry representatives, mostly due to two concurrent factors:

- Changes in eating habits and increased health concerns (meat is perceived as less healthy than other foods);
- Increased prices in conjunction with the economic crisis.

According to information recorded by the ISMEA-GfK Eurisko survey, veal retail prices have increased overall between 2009 and 2013 (+0.4% per year on average against +0.9% for beef). However, the trend shows a constant increase until 2012 followed by a decrease in 2013.

The observed relative stability of veal prices in the market is, in the opinion of sector representatives, largely due to the high level of competition among food retail chains that increasingly have larger shares of the retail meat market.

- **2744-Estimate of trade flows**

Imports of newborn calves and calves for slaughter are estimated to account for 13% of the veal market.

Imports of veal meat from the Netherlands account for 37% of the veal market.

Italy is the main client of the Dutch production (71,000 t cwe imported in 2012).

- **2745-Control system organisation**

Responsibility for the implementation of the Regulation and control is delegated to regional authorities and the ‘Ispettorato Centrale della tutela della Qualità e Repressione Frodi dei prodotti alimentari’ – ICQRF (the inspectorate for the prevention of fraud). Controls are carried out at all stages of the meat supply chain: slaughterhouses and cutting plants, distribution centres and retail chains.

Inspections are not announced in advance and each slaughterhouse/cutting plant, distribution centre and retail outlet receives two inspector visits every three months.

No sanctions have been applied so far for the labelling of bovine meat under twelve months, only for non-compliance with the SEUROP classification.
2.7.5. Belgium

-2751-National market sheet

The national market is concentrated on white veal meat. It is characterised by:

- Integration system; mainly milk-fed calves to get white meat.
- A slight decline in demand.
- Three companies concentrate more than 90% of production; one of them is a Dutch group subsidiary.
- No market for eight to twelve months old young cattle meat. Belgian production (veal and young cattle meat) totals 53,000 t cwe, of which 94% is veal meat.

Figure 10 – Calf/veal and young cattle market chain in Belgium in 2012

Source: Eurostat / Comext / Dutch and Belgian professional statistics
Estimates made of the field survey.

-2752-Production system and product characteristics

Three companies in Flanders account for more than 90% of production and slaughtering: SOPRACO, Vanlommel and Vandrie. Flanders represents 96% of Belgian production. According to our interviews, the use of veal in the secondary processing industry (including cutting and fresh meat packing) is estimated at 40% of national veal production.

More than the half of Belgian households purchased fresh veal in 2013 (53.8%); this decreased by 17% between 2003 and 2013.

Veal is mainly purchased by elderly people (more than 58% of these households are buyers) and households with children. However, because of the high price of this meat, households with children and low income households do not rank among the most frequent buyers.

For Belgian consumers, a white colour for veal meat is important. There is no demand for rosé veal and meat from animals slaughtered between eight and twelve months old.
-2753-Internal market information (price, consumption)

According to the interviews, there has been an increase of pre-packed meat sales and a decrease of traditional butcher shops sales (both in dedicated butcher shops and in supermarkets). This is due to supermarket strategies (the increasing importance of the self-service section) and to changes in consumer demand.

Veal consumption by households reached 8,500 tonnes and 123 M EUR in 2013. The veal price increased by 36% between 2003 and 2013, alongside a drop in sales volume (-27%) which has been particularly marked since 2007.

Compared to other meats, veal is the most expensive on the market. It reached 14.4 EUR / kg in 2013. In 2013, the gap with beef was +19% and with chicken +89%.

There is no consumption of young cattle meat in Belgium.

-2754-Estimate of trade flows

Two thirds of the production is shipped to Italy, France, Germany, the Netherlands and other EU Member States. 10% of the total newborn calves are imported from Poland.

Veal exports increased, mainly to the French market, while markets in Italy and Spain contracted.

-2755-Control system organisation

National guidelines have been defined by ‘SFP Economie’ for the labelling of veal and young cattle in the framework of the Regulation.

Two public organisations are in charge of controls in the veal sector:
- Farms and slaughterhouses – FASFC (Federal Agency for the Safety of the Food Chain).
- Retail stage - SFP Economie (Public Federal Service of Economy).

According to SFP Economie, non-compliance mainly concerns the non-labelling of the age of the animal at slaughtering even if the designation ‘veal’ is properly used.
2.7.6. Spain

-2761-National market sheet

It is characterised by:

- Young cattle meat producers are calf fatteners with intensive production schemes whereas veal production is more traditional.
- The demand for young cattle meat with a ‘rosé’ colour is more important than white veal.
- Contrary to most of the other Member States, there is an important demand of young cattle meat (38% of the bovine meat production). ‘Rosé’ meat or even red meat has a better health image than white meat.
- Part of the 20,000 tonnes of veal produced is under GIs (five ‘ternera’ PGIs are registered) but no statistical data is available on this point.

**Figure 11 – Calf/veal and young cattle market chain in Spain in 2012**

Source: Eurostat / Comext / Spanish Ministry of Agriculture

-2762-Production system and product characteristics

Veal production is concentrated on the Cantabrian coast and slaughtered in small local slaughterhouses, which use all types of bovines. This fed-milk animals can be part of one of the five ‘ternera’ PGIs registered.

Young cattle meat producers are calf fatteners (calves coming from national dairy farms, suckler cow farms, or imported from within the EU) with intensive production schemes. They are mostly located in Aragón and Cataluña.

-2763-Internal market information (price, consumption)

Veal is mainly purchased by elderly people and/or to feed children as this meat is tender and has a low fat content. The Spanish production is mainly consumed domestically. Imports are mainly used by supermarkets and specialist restaurants. There has been no major evolution in this market in recent years.
Veal meat consumption is rather limited. It is estimated at 26,700 tonnes cwe, of which 20,000 tonnes is domestic production and 6,700 tonnes are imports. No data on prices are available for veal meat.

Young cattle meat (‘ternera’) represents more than 70% of total beef consumption with 203,291 tonnes consumed in 2013 (household purchases). Young cattle meat (‘ternera’), consumption per capita shows a 17% decrease between 2008 and 2013 (5.42 kg/capita in 2008 and 4.48 kg/capita in 2013).

Prices have risen by 23% between 2007 and 2013 to reach 17.6 Euros/kg in 2013 which means that the rise observed in production prices for young cattle meat has been partly transmitted to retail prices.

-2764-Estimate of trade flows

In Spain, the main trade flow concerns newborn calves imports (228,000 heads in 2012) coming mainly from France. They are purchased by fatteners for young cattle production; 6 700 tonnes cwe of veal meat were imported in 2012 (mainly from the Netherlands). There are no exports of veal meat.

-2765-Control system organisation

The central administration is in charge of the coordination of control plans:

- Farm stage - General subdirection for animal health, hygiene and traceability (‘Subdirección general de sanidad e higiene animal y trazabilidad’)
- Slaughterhouse stage - General subdirection for animal products (‘Subdirección general de productos ganaderos’)
- Food retailers - Food Security Agency (‘Agencia de Seguridad Alimentaria’ – ASEAN)

Controls are carried out by Autonomous Communities and data are centralized by the national administration.

In Spain, for the year 2012: 12,539 controls were performed on the mandatory labelling for bovine meat: 494 irregularities were reported, of which 36 led to penalties.

According to the stakeholders interviewed, irregularities have been decreasing over time, after a period of adaptation for slaughterhouses and retailers.
2.7.7. Portugal  
-2771-National market sheet

The Portuguese veal and young cattle market is very small. It is characterised by:

- Domestic production is poorly organised, especially among breeders of cows, fatteners, slaughterers and the processing industry. The latter is mainly a service provider and not an integrator.
- Production is performed on two types of farms: dairy production farms where calves are not the main product; farms whose primary purpose is the production of calves, usually for suckler cows.

![Market Chain Diagram](image)

**Figure 12 – Calf/veal and young cattle market chain in Portugal in 2012**

- **Source:** National Statistics/ Eurostat / Comext / National Authorities

- **2772-Production system and product characteristics**

In recent years there has been a growing process of integration through large food retailers: these latter are becoming integrators and are replacing fatteners in buying animals for slaughter. Indeed, farms specialised in the production of calves also perform the fattening (previously done by fatteners) and deliver directly to the large retail chains.
-2773- Internal market information (price, consumption)

In terms of market demand, the international crisis has caused a reduction of meat consumption as a whole.

According to interviews, however, veal prices are higher compared with other meat prices, such as pork and poultry.

There are no statistical data available on veal meat consumption and young cattle meat consumption.

-2774- Estimate of trade flows

Annual calf production is around 154,000 heads, out of which 24,000 are exported for slaughter - mainly to Spain.

External purchase of newborn calves and calves for slaughter is very low (177 and 651 heads respectively in 2012), whereas imports of veal meat were 21,000 t cwe in 2012.

-2775- Control system organisation

The authority responsible for controls at national level is the Food Safety and Economic Authority.

Provisions on the penalties applicable for infringements of the marketing rules for the meat of bovine animals aged twelve months or less were already within scope of national legislation on beef and beef products labelling.

Penalties are set to the following infringements:

- Absence, inaccuracy or deficiency of the statements in beef labelling;
- Information on the label that is not permitted;
- Alteration, concealment or damage of mandatory information on the label; failure to comply with the rules regarding affixing and presentation of labels;
- Non-compliance with rules concerning the presentation of information to the consumer;
- Lack, deficiency or inaccuracy in records held by the operator, as well as non-compliance with the mandatory period during which registers shall be kept by the operators.
2.7.8. Poland

-2781-National market sheet

The Polish veal and young cattle sector is very small. It is characterised by:

- a low level of integration.
- demand for veal that is limited by relatively high prices and relatively low purchasing power.
- With EU sanitary and veterinary standards, the market is evolving towards a greater concentration of slaughterhouses.
- The young cattle meat market does not exist; young beef is understood as meat from animals aged fifteen to twenty-four months.

Figure 13 – Calf/veal and young cattle market chain in Poland in 2012

Source: Eurostat\(^{16}\) / Comext / Central Statistical Office of Poland

*These data include calves to be slaughtered in places other than slaughterhouses (around 96,000 heads according to national statistics).

-2782-Production system and product characteristics

The number of integrators in Poland is very low. The market share of cattle intermediaries ranges from 40% to 70%, depending on the region of the country. However, it seems that the number of farmers interested in such system is increasing as fattening to higher weights is advantageous and intermediaries can be avoided.

EU sanitary and veterinary standards and the compulsory identification and registration of bovine animals have resulted in a higher concentration of slaughterhouses. Consequently, slaughtering activity in industrial facilities has increased.

The most important criteria for consumers are price and colour, followed by information about age and tenderness. In Polish consumers’ minds, the white colour of veal is associated with very young animals fed mainly with milk. Most of the demand results from calves up to the age of four months or beef from adult bovines. Consequently, the production of young beef aged eight to twelve months is very low.

\(^{16}\) Meat production and foreign trade - annual data [apro_mt_pann]

Veal is not used for secondary processing in Poland. Veal is expensive and secondary processing would additionally increase the price and consumers would not be interested in such expensive products.

-2783-Internal market information (price, consumption)

From 2002 to 2012 the consumption of beef decreased from 5.2 kg/capita to 1.6 kg/capita - by about 70%. During this period, the consumption of veal declined from 1 kg/capita in 2002 to 0.21 kg/capita in 2012 - by more than 85%. This is the result of a relatively high price and lack of culinary tradition of veal consumption.

According to retailers, prices used to be seasonal, with lower prices in summer and higher prices in winter. Now the price is high and constant through the whole year, which is probably influenced by foreign prices.

Concerning young cattle (<1 year old), there are no estimates for consumption. Slaughterhouses and processing plants are not interested in young beef from animals aged eight to twelve months since consumers are not aware of the potential better quality of this meat.

-2784-Estimate of trade flows

A shortage of beef in Europe together with relatively lower costs of beef production in Poland and a beneficial exchange rate of PLN to EUR has resulted in higher profitability of beef export from Poland. Indeed, 182,000 heads of newborn calves are exported mainly to the Netherlands (half of the volume), Spain and Italy; whereas imports only number 6,000 heads. The volume of fattened calves ready for slaughter is negligible.

At the moment, Polish breeders produce heavy animals and sell them abroad (about 80% of production is exported). The domestic retail prices of beef and veal are very high for the purchasing capacity of consumers. High domestic prices are mainly responsible for the high level of exports.

-2785-Control system organisation

The following institutions are responsible for controls at different marketing stages:

- Breeding stage - Veterinary Inspection
- Slaughterhouses (V and Z carcasses) – Agricultural and Food Quality Inspection (AFQI)
- Further processing plants – Agricultural and Food Quality Inspection
- Retail stage - Office of Competition and Consumer Protection, Department of Trade Inspection

Inspections in slaughtering and processing companies are carried out by provincial inspectors of AFQI at least once a quarter. In 2010 small discrepancies were noticed in labelling; in 2011, one case of no registration was identified and in 2012, there were no major non-compliance issues.

2.8. Main findings of case studies

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17 Estimates of the Institute of Agricultural and Food Economics - National Research Institute, based on data from the Central Statistical Office.
### National marketing sheet (2012 data)

| NL | World and European leader in the veal industry. Second highest production in the EU: 215 th. t cwe (Veal: 178 / Young Cattle: 37) 90% of the production for external markets (mainly the EU). |
| FR | The largest national market for veal in Europe. Production: 217 th. t cwe (including 30 th. t cwe of young cattle) Consumption: 231 th. t cwe No specific market for 8-12 months old young cattle. (Except Gl Veau d'Aveyron, 3th t cwe) |
| DE | Veal production is small compared to the main stakeholders within the EU. Veal and young cattle are 5% of bovine meat production (veal accounts for for 4% and young cattle for 1%). Production: 57 th. t cwe (including 10 th. t cwe of young cattle meat). Consumption: 105 th. t cwe (veal only). |
| PL | Very small domestic veal consumption: 0.13kg/capita. Demand for young cattle meat (category Z) is very low. |

### Production system and product characteristics

| NL | There are 3 categories: white veal (around 70% of total slaughtered heads), rosé veal (under 8 months, 15%) and kalfsvlees (over 8 months, 15%). The sector is highly concentrated. Leading producers have subsidiaries in FR, BE and PT. |
| FR | More than 80% are white veal, bred through integration system until 6 or 6.5 months old. 15-20% of veal sales are processed products (raw material partly imported from NL: 'rosé veal'). |
| DE | The veal market is much more developed than the young cattle one. Calf production (integration and slaughtering) is highly concentrated and largely milk-fed, with light carcass weights compared to EU average (130 to 140 kg/head). |
| PL | No integration in the beef sector. Demand is for calves up to the age of 4 months (milk-fed) or for beef from adult bovines. Main criteria for consumers are price and colour (white meat). |

### Trade estimates (2012 data)

| NL | A large quantity of newborn calves is purchased (mainly from DE and PL). 90% of veal and young cattle meat is sold to IT, DE, FR, SP and other EU MS. Dutch companies work to develop abroad markets (Turkey, China) |
| FR | 20% of veal consumed is purchased in NL and BE. Exchange of newborn calves and calves to slaughter are not significant. |
| DE | Exports of newborn calves: 488,000 heads, mainly to NL (the biggest important flow in the EU union) Few exchanges of calves for slaughter. Imports of veal: 57 th. t cwe (from NL and BE), thus the German market is highly dependent on imports. |
| PL | Exports of newborn calves: 182,000 heads to NL (more than 50%) Spain and Italy |

### Internal market specification

| NL | A small market with no specific production of processed products. Most meat is sold via the retail channel. |
| FR | Veal is an expensive meat (24 EUR/kg for escalope in 2013). 75% of veal volume are bought in retail stores and 25% through the catering channel and processed products. White colour is the first purchase criterion for fresh meat by households. In other channels, more coloured meat is used (price is the main criterion). |
| DE | Most domestic production is sold as fresh meat (50% through wholesalers and retailers and 40% to the processing industry). Purchase criteria: meat quality and tenderness for consumers / price and colour for slaughterhouses. The doner production market share (20%) is growing. |
| PL | Veal is usually a meat from calves aged 2-4 months, milk-fed. Retail price of veal is min. 11EUR / kg. |

### Control system organisation

| NL | Official controls are realised by nVWA (the food safety authority) from slaughter plants to retail stores. Slaughterhouses (>75 cattle/week) are under the Ministry of Economic Affairs. |
| FR | Agents of the DGCCRF (operators to be controlled are chosen at local or regional level). |
| DE | The supervisory authorities of the federal states are in charge of carcase classification at slaughterhouses and its control. The Federal Agency for Agriculture and Food is in charge of labelling control. |
| PL | Veterinary Inspection at breeding stage; AFQI (Agriculture and Food Quality Inspection) in slaughterhouses and further processing plants; Office of competition and consumer protection at retail stage. |

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<table>
<thead>
<tr>
<th>National marketing sheet (2012 data)</th>
<th>Production system and product characteristics</th>
<th>Trade estimates (2012 data)</th>
<th>Internal market specification</th>
<th>Control system organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IT</strong></td>
<td>Production: 127 th. T cwe (including young cattle for 3 th. T cwe) Consumption: 208 th. T cwe. No specific market for 8-12 months old young cattle.</td>
<td>High concentration: slaughtering, processing and marketing activities are closely related and often performed by the same industrial companies. Prepared veal accounts for a small share of the total purchase of fresh veal (less than 3%).</td>
<td>Imports of newborn calves and calves for slaughter are estimated to account for 13% of the veal market. Imports of veal meat from NL account for 37% of the veal market.</td>
<td>Controls are delegated to regional authorities (controls of slaughterhouses and cutting plants) and the ICQRF (Inspectorate for prevention and fraud) for the retail sector.</td>
</tr>
<tr>
<td><strong>BE</strong></td>
<td>Production (veal and young cattle meat): 54 th. t cwe (94% is veal meat). Mainly milk-fed calves to get white meat. No market for 8-12 months old young cattle meat.</td>
<td>Production of white veal, slaughtered at six or seven months old. Three companies have more than 90% of the production; some are Dutch groups' subsidiaries. Two thirds of production is shipped to Italy, France, Germany, the Netherlands and other EU MS.</td>
<td>Veal exports have increased, mainly to the French market (no link with the reform). 10% of the total newborn calf livestock is imported from Poland.</td>
<td>Two public organisations are in charge of controls: FASFC in farms and slaughterhouses and SFP Economie at retail stage. National guidelines have been implemented for the labelling of veal and young cattle.</td>
</tr>
<tr>
<td><strong>ES</strong></td>
<td>Very little veal production: 20 th. t cwe. Veal consumption estimated: 26 th. t cwe. Production of young cattle meat ('ternera'): 230 th. t cwe (38% of the bovine meat production).</td>
<td>Young cattle meat producers are calf fatteners with intensive production schemes. 'Ternera' represents more than 70% of beef consumption.</td>
<td>Imports of newborn calves: 228 th. heads. Imports of calves for slaughter: 11 th. heads. Imports of veal: 6 th T cwe (from NL and BE).</td>
<td>Farm level: controls by the General Subdirection for animal health, hygiene and traceability (Ministry of Agriculture). At slaughterhouse level: controls are made by the General Subdirection for animal products and the Food Security Agency. At retail level controls are by the Food Security Agency.</td>
</tr>
<tr>
<td><strong>PT</strong></td>
<td>Very small sector. Production: 7.8 th. t cwe of veal and 13 th. t cwe of young cattle. Veal domestic market estimated at 31 th. t cwe</td>
<td>Large food retailers are increasingly becoming integrators and replacing fatteners. Farmers deliver directly to retailers.</td>
<td>2 400 t of veal is imported from NL 24 th. calves for slaughter exported, mainly to SP.</td>
<td>ASAE (Portugal Food Safety and Economic Authority) is in charge of the national bovine meat control scheme (which includes veal).</td>
</tr>
</tbody>
</table>
3. **External factors**

3.1. **Milk economy**

The milk industry is the main provider of raw material for the calf breeding industry.

It first furnishes newborn calves and, secondly, important parts of feed in the form of dry whey and milk powder.

During our examination period these two intermediate markets have evolved differently.

3.1.1. **Newborn calves**

Most of the calves used for the veal and young cattle production come from the milk cow herd. Each cow gives one calf per year, but the technical coefficient often used is 0.9 taking the loss into account.

So the number of newborn calves depends directly on the number of milk cows. This has been decreasing over the long and short term, as shown in the chart below.

![Index Evolution of dairy cows number](Source: Eurostat New Cronos – December Survey 2012)

The milk cow herd at EU-27 level decreased by 5 % between 2008 and 2013.

Index decreased almost every year between 2003 and 2012 in Poland and Portugal.

Although the number of newborn calves available has decreased, market price for newborn calves rose significantly only in 2011. We notice that the highest level, in 2012, is similar with the 2003 and 2004 levels.
Such an evolution shows that different factors determine young calf prices. According to PVE annual reports, Dutch imports of newborn calves increased every year from 2005 to 2011, especially from Germany. This evolution is due to three factors: increase in calves fattening in the Netherlands, fluctuation of the Dutch cow milk herd and decrease of the German beef production.

In fact, newborn calves have three uses: cow milk replacement, beef production and veal production. That is why the decrease in cow milk herd does not lead automatically to a shortage of calves for the veal production.

In addition, the EU enlargement has eased new trade flows. According to PVE, Polish and Lithuanian calf purchases have become more important, especially when imports of British calves were not possible or not wished because of sanitary reasons.

### 3.1.2. Dry whey and milk powder prices

Calve feed consists of milk products and grain products. Diet design differs from one production basin to another: more milk in Italy and France, more grain and fibres in the Netherlands.

Milk prices, as grain prices, became volatile as soon as 2007. As a consequence, the composition of calf feed has evolved: more dry whey in France and Italy and more milk protein substitutes and grain in the Netherlands and in Northern Germany.

Milk powder and dry whey markets have changed since 2006 due to the emerging demand of the Chinese market for infant milks (a consequence of the methionine scandal).

Global trade volume of dry whey doubled between 2004 and 2012 (from circa 600 000 tonnes in 2004 to 1 200 000 tonnes in 2012). The European milk industry produces 50% of the global output (1 mio tonnes/year). Logically, Europe is the first exporter (400 000 tonnes in 2012).

Dry whey world prices evolved as showed in the chart below.
Milk powder prices have evolved similarly, but the increase has slowed down since 2010.

**Figure 17 – Price of Skimmed milk powder evolution**

3.2. Feed costs

Dutch institutions (LEI/PVE) publish calf feed price series. Table below shows annual average feed prices for rosé veal (solid feed) and for white veal (milk powder).

Table 14 - Prices for calves feed – Annual averages in the Netherlands - EUR /100 kg

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Feed for rosé calves</td>
<td>17.05</td>
<td>17.85</td>
<td>16.55</td>
<td>17.15</td>
<td>20.65</td>
<td>24.95</td>
<td>21.30</td>
<td>22.10</td>
<td>27.40</td>
<td>29.55</td>
</tr>
<tr>
<td>Calves milk</td>
<td>116.5</td>
<td>118.4</td>
<td>125.9</td>
<td>137.8</td>
<td>167.0</td>
<td>140.1</td>
<td>129.7</td>
<td>147.2</td>
<td>170.8</td>
<td>182.5</td>
</tr>
</tbody>
</table>

Source: LEI

In 2003 calf milk was ten times more expensive than feed for rosé calves. Ten years later, in 2012, the factor has evolved: milk powder is only 6.3 times more expensive than grain based feed for rosé calves.

As rations differ and as milk powder is diluted with water, this difference does mean than the feed costs are different in such a proportion. Nevertheless, it is more costly to breed eight-month-old calves with a milk or milk substitute diet, than to feed calves with fibber fodder.

The most interesting point is how the prices have evolved. Chart below shows the indexes.

![Dutch calves feed prices evolution](source.png)

Source: AND-International from LEI

The prices have evolved along with the raw material prices: grain prices for rosé calf feed, milk prices for white calf feed. 2012 indexes are respectively 173 for grain based feed and 157 for milk based feed. Price volatility begun in 2007, one year before the reform.

This is an important point for our future reasoning and for the research of causal relationships. We can suppose integrators’ and breeders’ adaptation strategies essentially aimed at compensating this sharp rise in the feed prices. In these new economic circumstances, the first challenge is to improve productivity and to lower the consequences of a raw material price increase.
3.3. Demand evolution

Veal market is a segment of bovine meat market representing a very small part of the meat market.

As the veal market is concentrated in the four western Member States (France, Italy, Germany, Belgium), its evolution is linked to the general situation of the meat market in these areas.

General trends are:

- A decrease in the demand for meat as a whole, but an increase in the demand for poultry and decrease for the other meats;
- Qualitative changes: higher demand for processed products and lower sales of fresh meat;
- Higher prices for meat and meat products, due to the higher cost of raw materials (soybean, cereals) used for feed\(^{19}\).

These trends reflect structural changes:

- Part of household purchases dedicated to food has decreased; bovine meat and other high priced meats have suffered more than affordable ones;
- Food crises (BSE, Avian Flu, Dioxin) have negatively affected meat image;
- Environmental discourse has also blamed meat production (cattle responsibility in greenhouse gas production);
- Time dedicated to food functions (purchasing, cooking, and eating) is reduced;
- As a result, young generations do not eat as much meat as older ones.

| Table 15 - Evolution of European consumption of bovine, pork and poultry meat. 1000 t cwe |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|----------------|
| Bovine Meat                     | 7 680      | 8 136      | 8 156      | 8 211      | 8 249      | 8 297      | 7 960      | 7 896         | 7 649        | 7 798       |
| Pork Meat                       | 19 661     | 20 934     | 20 808     | 20 861     | 21 363     | 20 946     | 19 943     | 20 402        | 20 391       | 19 935      |


In this context, the demand for red meat has decreased while the demand for white meat has remained stable (see table 15 above). Poultry and pork meat are cheaper and better adapted to secondary processing.

\(^{19}\) The energy is an important part of the cost of grain production, having regard to nitrogen fertilizer and fuel used for cultivation; further development of the production of bio fuels has contributed to higher grain prices. Finally, energy is a part of fattening calves costs, according to business data, gas and electricity accounted for 20% of current expenses (excluding depreciation, feed and labor) and 1.5% of total costs (Source: professional organisations, Institut de l'Elevage).
3.4. Common Agricultural policy

Some aspects of the Common Agricultural Policy (CAP) have directly impacted the veal industry economics during the evaluation period: first with the direct aid to bovine sector and especially slaughtering premium, and second with the animal welfare scheme.

3.4.1. Slaughter Premium

The Slaughter Premium (SP) was a specific CAP support implemented in 1977 by Regulation EC n°870/77. It operates in the context of strong market disruptions. The measure allows Member States to grant a premium to producers for the slaughter of cattle other than cows originating in the European Union.

SP was a support to all cattle farmers. All classes of cattle are eligible for it, regardless of the intensity of production. It was paid at the point of slaughter. It was also used to harmonise the conditions of slaughter and carcass presentation, to enable the fair implementation of weight constraints related to the premium.

The SP was justified by the risk of reduced incomes for farmers given the outlook for the Community market for beef. The European Union has allocated a budget to each Member State based on the amount produced; Member States were free to choose how to allocate it, respecting certain criteria. The premium paid is variable but may not exceed ECU20 45 per adult bovine. This premium applied initially only in the United Kingdom, but was extended systematically until 1981, when a new Regulation (n°1380/81) provided further details on implementation.

Council Regulation n°1254/1999 further modified the premium. The SP was then granted at the slaughter of eligible cattle, or when animals are exported to a third country, within the limits of national ceilings set by Member States. All types of animals are eligible, including dairy cows and calves. Any producer could benefit from it provided they kept animals for at least two months before slaughter.

### Table 16 - Edible animals' Slaughter Premium (Regulation EU 1254/1999)

<table>
<thead>
<tr>
<th></th>
<th>Bulls, steers, cows, heifers from the age of 8 months (SP adult bovine) – EUR/head</th>
<th>Calves between 1 and 7 months, carcass weight &lt;160 kg (SP calves) – EUR/head</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>2001</td>
<td>53</td>
<td>33</td>
</tr>
<tr>
<td>2002 onwards</td>
<td>80</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: European Commission – Regulation EU 1254/1999

The 2003 CAP reform (Council Regulation n°1782 /2003 - Article 130) introduced the principle of decoupled direct support. The Regulation also stated that Member States were free to maintain certain coupled supports. The slaughtering premium for calves could be kept in all cases. The premium amounts were unchanged compared to 2002, but the definition of calves was changed: calves aged less than eight months (seven in the former Regulation) and with a carcass weight under 185 kg were eligible (160 kg in the former Regulation).

The following Member States decided to maintain the slaughter premium for calves: Austria, Belgium (Northern zone only), France, the Netherlands, Portugal, and Spain. We notice that Italy and Germany, two Member States with sizeable veal production, gave up the slaughter premium for calves.

The “Health Check” reform brought an end to this premium; Regulation (EU) n° 73/2009 allowed new Member States and MS who had maintained the Slaughter Premium to continue this scheme until 2011. The premium ceased in the Netherlands and France in 2010; in Belgium, Spain and Portugal in 2012.
3.4.2. Animal welfare


Two dispositions of this text have had a very important impact on the veal industry.

Article 3 states that ‘no calf shall be confined in an individual pen after the age of eight weeks, unless a veterinarian certifies that its health or behaviour requires it to be isolated in order to receive treatment’.

This provision had a direct impact on production costs as most of the breeders had to invest to adapt their barns.

Annex I of the Directive lays down fifteen animal welfare rules that breeders have to respect. Among these rules, the most important for traditional white veal production is the point eleven which establishes that ‘All calves must be provided with an appropriate diet adapted to their age, weight and behavioural and physiological needs, to promote good health and welfare. To this end, their feed must contain sufficient iron to ensure an average blood hemoglobin level of at least 4.5 mmol/litre, and a minimum daily ration of fibrous food must be provided for each calf over two weeks old, the quantity being raised from 50 g to 250 g per day for calves from eight to 20 weeks old. Calves shall not be muzzled’.

This means that integrators had to adapt their feed formulation and to introduce fibrous food. This fact led some producers to extend their fattening cycles (from one to two weeks longer).

\[21\] The Directive (EC) 2008/119 considered as “calf” a bovine animal up to six months old; this technical definition have no commercial implication (it is not said ‘veal’); thus we do not see any contradiction with the ‘veal’ definition laid down in Regulation (UE).
4. **Methodological approach**

4.1. **Methodological tools**

In accordance with the tender specifications and the common practice of evaluation studies for the DG AGRI, the methodology followed is based on four stages:

- Structuring
- Observing
- Analysing
- Judging

4.1.1. **Structuring phase**

The structuring phase is the foundation for the assessment study. It helps us understand the context, analyse the evaluation questions and clarify the judgement criteria, the (quantitative) indicators and descriptive (qualitative) elements and data sources necessary for the analysis and final judgement.

Finally, the structuring phase enables us to finalise the working schedule of subsequent tasks. We will elaborate the following structuring elements, according to the tender specifications.

1) **Model of Intervention logic**

This first task aims at understanding the logic followed by support and regulatory frameworks in the bovine sector. For this evaluation study, it helps us understand the logic of the new Regulation for the labelling of veal and young cattle meat.

Intervention logic diagrams are the most suitable tool to explain these links between causes and effects.

2) **Descriptive chapter**

This chapter aims at describing the nature and dynamics of the national sectors, from production to consumption. It is based on:

- Statistical data from Eurostat and DG AGRI;
- Survey among the 28 national authorities;
- Estimates from the main Member States.

Beyond the simple description, interactions between production, processing and consumption are analysed. This resulted in an analysis of the dynamics and drivers of each national sector and the drawing of the profile of eight Member States concerned (producers and/or consumers).

3) **First approach to the evaluation questions**

The evaluative questions are developed and rephrased. The rationalisation process of questioning via simple sub-questions refines the judgement criteria that will be used for the responses to the evaluative questions and the indicators that will inform these criteria.

4) **Identification of information sources**

This part involves identifying, qualifying and specifying how to use the qualitative and quantitative data. The main data sources are: Eurostat; DG AGRI data; national sources; professional sources; a field survey of operators and main actors.
4.1.2. Collecting phase

Collection begins with the structuring phase during which key contacts are made with:

- DG AGRI
- National authorities of the eight analysed Member States
- Professional organisations of the eight analysed Member States
- Butchers’ organisations

These initial interviews, conducted by local experts from a homogeneous framework of questions for the eight MS, allow us to collect useful information for the structuring phase and also to feed into national case studies.

During the collecting phase, three kinds of complementary interviews have been undertaken:

1) Interviews among industrial and professional actors

- Integrators and slaughterhouses
- Processors and catering operators
- Retailers (supermarkets and butcher shops)
- Consumer organisations
- Control bodies
- Certification

In total, around 100 interviews have been completed.

2) An internet survey to a large number of slaughterhouses in the eight main Member States

This survey aims at covering a wider field at slaughtering stage and/or integration stages. It also reflects, through investigation, the duality of the sector in some MS (with big and small operators), especially in Italy, France, Spain and to a lesser extent in Germany, Belgium, Portugal and Poland.

The method consists of collecting the exhaustive lists of slaughterhouses with the national authorities and professional organisations and their internet survey through a questionnaire, with qualitative questions.

3) Finally, three consumer focus groups have been conducted in Germany, France and Italy

These panels were composed of a randomly-selected group of consumers and chosen according to various criteria: purchasing behaviour, attitudes or socio-demographic characteristics. The purpose of recruitment under the panels is not to ensure the representativeness of the participants but rather to obtain diversity among participants in order to cover the subject extensively. Consumer panels are usually held in series (at least two) to enhance quality and reliability. The homogeneity of the results of the different groups is interpreted as an indicator of the validity of the results.

Information and data collected during these interviews are reported through the national case studies.
4.1.3. Analysis phase

This phase will develop the responses to the seven evaluative questions. It is the core of the whole evaluation study. The eight national case studies, written at the end of the collecting phase, will feed the evaluative questions.

Answers to the evaluative questions are the basis of our final judgement, from which our final conclusions and recommendations come.

Answers given to each judgement criterion of each evaluative question are the basis of the analysis. These answers rely on the indicators and data identified during the collecting phase.

Our analysis section will detail:
- Assumptions used in the analysis;
- The reasoning in answers according to our judgement criteria;
- Limitations of the validity of this reasoning.

4.1.4. Judgement

The objective of this final phase is to make an overall judgement on the implementation and impact of new marketing standards in the veal and young cattle meat sector.

This judgement is based on the analysis of the answers given to each evaluative question and the answers to each judgement criterion. This last part also specifies the limits and validity of the conclusions.

4.2. Methodological limits

4.2.1. Vocabulary

The overall objective of the Regulation on the veal and young cattle meat marketing standards was to clarify bovine meat commercial denomination.

This evaluation study has to be careful in using these denominations. When they are taken as current words, they have not always the same meaning as the terms used in the Regulation.

A first source of confusion is caused by the fact that in the English language, specific words designate animals (calf, cattle) and meat (veal, beef). This is an exception among European languages. In French, German or Dutch, ‘veau’, ‘kalb’, ‘kalf’ designate the living animal as well as the meat (viande de veau, kalbfleisch kalfsvlees). Italians say ‘vitello’ to designate animals or meat, while ‘vitellone’ designates an older animal as well as meat coming from its carcass.

Furthermore, the words ‘veau’, ‘kalb’, ‘kalf’, ‘calve’, ‘vitello’ not only designate young bovine animals that are to be slaughtered before the age of one year, but every kind of young bovine; they could become cow, ox, bull, bullock or steer.

A second source of confusion comes from the choices for denominations that have been made through the Regulation to designate the bovine meat from animals slaughtered between eight and twelve months. The table below shows that these names were either already used to designate other kinds of bovine meat or that they did not exist as usual names.
Table 17 – Comments on national denominations for ‘young cattle meat – category Z’ in the Regulation

<table>
<thead>
<tr>
<th>Member State</th>
<th>Denomination in the Regulation (Article 78a of Regulation 1308/2013, Annex VII)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>Jungrindfleish</td>
<td>This is not a usual denomination, it does not make sense to the public.</td>
</tr>
<tr>
<td>France</td>
<td>Viande de jeune bovin</td>
<td>This is not a usual retail denomination; it does not make sense to the public. For professionals ‘jeune bovin’ designates an animal fattened to be slaughtered between 12 and 24 months old</td>
</tr>
<tr>
<td>Italy</td>
<td>Vitellone</td>
<td>Vitellone is commonly known as a male animal slaughtered between 18 and 24 months old (perhaps even 15-16 months old). The female of the same age is called “scottona”.</td>
</tr>
<tr>
<td>Spain</td>
<td>Ternera</td>
<td>Ternera designated bovine animals aged between 10 and 14 months.</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>rosé kalfsvlees</td>
<td>This is not a usual denomination, it does not make sense to the public.</td>
</tr>
<tr>
<td>French-speaking Belgium</td>
<td>Viande de jeune bovin</td>
<td>This is not a usual denomination, it does not make sense to the public.</td>
</tr>
<tr>
<td>Dutch-speaking Belgium</td>
<td>Jongrundvlees</td>
<td>This is not usual denomination, it does not make sense to the public. This translation differs from the Dutch one</td>
</tr>
<tr>
<td>Belgium German</td>
<td>Jungrindfleish</td>
<td>This is not a usual denomination, it does not make sense to the public.</td>
</tr>
<tr>
<td>Poland</td>
<td>mloda wolowina</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>viteloa</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Beef</td>
<td>This word designates all kinds of meat from adult bovine animals.</td>
</tr>
</tbody>
</table>

A special chapter is dedicated in this study to the perception of the denominations by professionals. We only want to point the vocabulary limits in writing this study.

For the sake of clarity, we have adopted the following definitions:

**Veal-calf**: animal fattened to be slaughtered before the age of eight months;

**Veal**: meat from a bovine slaughtered before the age of eight months;

**Young cattle**: animal fattened to be slaughtered between eight and twelve months old

**Young cattle meat**: meat from a bovine slaughtered between eight and twelve months old.

**Newborn calf**: calf aged between one and three weeks old.
4.2.2. Limits related to FADN data

The Farm Accountancy Data Network (FADN) data are usually the most detailed and reliable source to analyse farmers’ incomes and production costs at EU level.

However, the main pre-requisites to be able to rely on the FADN data are:
- To have a population of specialised farmers and to be able to identify them;
- To obtain samples large enough to result in a meaningful and reliable analysis: the minimum size depends on the nature and variability of the data, but as a general rule, we can consider that around 30 observations is a minimum.

In the case of veal-calves farming, we have the following issues:
- Farming systems tend to be fairly different from one Member State to the other (integrated production, sub-products of milk farms, beef fatteners with some veal-calf production, etc.), which implies using different selection criteria to build the sample and limits the possibility of comparative analysis;
- A significant part of veal farmers is not specialised. In addition, specialised farms tend to work under contract with integrators, meaning they do not own the calves and in most cases they do not purchase the feed either. In other words, these farms cannot provide much information for production costs analysis;
- FADN data do not allow to distinguish accurately between calves intended for beef fattening and calves intended for veal production;
- Tests in the main producing Member States (Netherlands, France and Italy) showed that the largest sample of specialised producers could be obtained for integrators in the Netherlands (a sample of 27 farms in 2011). In France and Italy, relevant samples contained fewer than 20 observations.

Taking these limitations into account, the FADN data will be used only for integrators in the Netherlands based on the LEI’s data22. Evaluators will rely instead on national data and analyses to assess the impact of the reform on the value chain.

4.2.3. Data availability

The veal and young cattle meat market is a modest segment of the bovine meat market and even of the meat market as a whole. Most statistical sources do not distinguish between the two.

As an example, customs data do not give any information on trade of veal-calves or young cattle to be slaughtered. These two types are included under the following customs description: ‘bovine animal weighting > 160 kg and <300 kg, to be slaughtered’ (code: 01022921 for 2012 and 01029021 for the years before), which cannot substitute the information on age.

This constitutes an important limit to the study. However, professional bodies and specialised research institutes in the Netherlands and France produce some data from their own sources and internal surveys, especially concerning farm incomes and production costs.

Another important limit is the nature of information provided in the Multi-Annual National Control Plans (MANCP) and annual reports on controls, transmitted by the Member States’ national authorities. As no detailed information is provided on the results and frequency of the controls of the veal meat and young cattle meat, these documents cannot constitute a basis for a firm judgement on the control system applied for the veal and young cattle meat marketing standards.

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22 The LEI provides aggregate FADN data for the Netherlands, with a sufficient level of details for this study. [http://www3.lei.wur.nl/binternet_asp/Index.aspx?Database=LTC&language=1](http://www3.lei.wur.nl/binternet_asp/Index.aspx?Database=LTC&language=1)
The table below summarises the availability of the data from the main usual sources, for the eight Member States under study.

**Table 18 – Data availability**

<table>
<thead>
<tr>
<th>SOURCES AVAILABILITY</th>
<th>Belgium</th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
<th>Poland</th>
<th>The Netherlands</th>
<th>Portugal</th>
<th>Spain (Ternera)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newborn calves trade</td>
<td>Comext</td>
<td>Comext</td>
<td>Comext</td>
<td>Comext</td>
<td>Comext</td>
<td>Comext</td>
<td>Comext</td>
<td>Comext</td>
</tr>
<tr>
<td>Veal calve to be slaughtered import / export</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Veal exports</td>
<td>BVK</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>PVE</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Calf feed prices</td>
<td>na</td>
<td>INSEE</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>Market analyses, No 45, 2013</td>
<td>LEI</td>
<td>Instituto National de Estatica</td>
</tr>
<tr>
<td>Newborn calves prices</td>
<td>na</td>
<td>France AgriMer</td>
<td>ISMEA*</td>
<td>DG AGRI</td>
<td>Comext</td>
<td>LEI</td>
<td>Instituto National de Estatica</td>
<td>DG AGRI</td>
</tr>
<tr>
<td>Veal meat price at slaughtering stage</td>
<td>DG AGRI</td>
<td>DG AGRI</td>
<td>DG AGRI</td>
<td>AMI</td>
<td>CSO Poland</td>
<td>DG AGRI</td>
<td>na</td>
<td>DG AGRI</td>
</tr>
<tr>
<td>Gross market veal price</td>
<td>na</td>
<td>France AgriMer</td>
<td>ISMEA*</td>
<td>AMI*</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>Magrama / Mercabarna / Mercamadrid</td>
</tr>
<tr>
<td>Retail veal price</td>
<td>GfK Panel-Services</td>
<td>INSEE</td>
<td>ISMEA</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>Mineco</td>
</tr>
<tr>
<td>Sales breakdown by channel</td>
<td>GfK Panel-Services</td>
<td>Kantar</td>
<td>ISMEA</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>Magrama</td>
</tr>
<tr>
<td>Breeders costs and incomes</td>
<td>na</td>
<td>IE</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>LEI</td>
<td>na</td>
<td>Magrama</td>
</tr>
</tbody>
</table>

* Monthly prices. Incomplete series

We can conclude that: full comparisons between Member States are not possible but partial analyses are possible.

### 4.2.4. Stakeholders poor feedback to the survey

The subject of this study does not seem to be a central question for stakeholders, who were sometimes difficult to get on board. Reasons for this are:

- The veal and beef marketing standards reform took place seven years ago, which is a long time for industry executives;
- There is no direct economic issue at stake (such as aid, custom duties, etc.);
- Veal / young cattle is often a small part of the stakeholders’ activities.

As a result, surveys were difficult to conduct and did not always provide the expected results, especially in the three following cases:

- National / regional control bodies: we have finally reached all the officers we wanted to interview but our subject was clearly not a priority for them and they had very little information to provide on infringements;
- Various meat companies: we conducted an online survey targeting one hundred slaughtering companies in France, Italy, Spain, Portugal and Poland. Only five of them answered, despite two reminders and, in some cases, support from professional bodies.
- Döner producers, the main secondary processors in Germany: these companies also refused to talk to us or did not come to the scheduled meetings.

Nevertheless, the main integrators and slaughterhouses kindly accepted our requests for interviews, which in such a highly concentrated industry, is enough to obtain an accurate view of the potential impacts of the reform.
PART B: Evaluation questions

5. **EQ n°1: To what extent have the veal and young cattle marketing standards been adequate to match the current needs of the actors in the beef and veal supply chain and of the consumers?**

**The key terms are:**
- Marketing standards;
- Veal and young cattle;
- The current needs of stakeholders in the beef sector;
- The current needs of consumers.

**Marketing standards** should be understood as the implementation of the provisions of the Regulation and therefore the distinction between the carcasses in function of the age of the animal ('V' for those aged less than eight months, 'Z' for those aged from eight to twelve months), as well as the distinction in the labelling of products from these carcasses throughout the supply chain, including retail.

The implementation of these rules requires operators to record and retain information, including the age of the animals.

**Veal and young cattle**
- The term 'veal' and its translations in all EU languages (in accordance with the Regulation\(^23\)) means, in our case, slaughtered bovine animals, aged less than eight months.
- The term 'beef' and its translations in all EU languages (in accordance with the Regulation) means slaughtered bovine animals, aged from eight to twelve months.

These definitions are specific to our case. In other circumstances, 'veal' and especially its translations into French (veau) or German (Kalb) also designates other types of animals. These include, for example, those to be fattened until 24 months or more and all other bovine animals aged less than twelve months. Similarly, 'beef' also designates all kinds of meat coming from any adult bovine.

**The current needs of the actors in the veal/beef supply chain**

As the scope of interpretation of the term 'veal' can therefore be very large, we have limited our definition to carcasses and cuts of veal and offal.

From upstream to downstream, the needs of stakeholders in the supply chain cover:
- Breeders' incomes;
- The number of animals and their price for integrators;
- The general activity level for all stakeholders in the sector (integrators, slaughterers, processors);
- The quantity of meat, according to the criteria (quality and price) desired by retailers.

**The current needs of consumers.** Do consumers easily find the product they are looking for? What is their degree of trust? Is the price of veal (and beef) meat affordable?

Reformulation of the question

Did the application of new marketing standards:

- Allow the integrators to maintain a level of activity comparable to that before the reform or to continue their development?
- Allow the breeders to keep the same level of incomes?
- Allow the other actors (processors, mass retailers, butchers) to maintain a satisfactory level of supply?
- Allow consumers to find products that meet their expectations easily?

Judgement criteria

The table on the next page presents the criteria for judgement and the corresponding indicators.

In the first place, we aim at showing the evolutions of aspects such as supply, prices, quality and consumer satisfaction. Then we will seek to establish causal relationship between these tendencies and the subject of our analysis. Our evaluation is based on a convergence of quantitative data and qualitative indications obtained through the answers of professionals during our interviews.
Table 19 - Judgement criteria and indicators for EQ n°1

<table>
<thead>
<tr>
<th>Sub-questions did the new marketing standards...</th>
<th>Judgement Criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>N°1 Allow the integrators to maintain a level of activity comparable to that before the reform or to continue their development?</td>
<td>- Operators have adapted by modifying production (shortened fattening) and retaining the names or by changing names and keeping the fattening period. - Operators have maintained their activity</td>
<td>1) Integrators’ activity evolution 2) Slaughtering of veal-calves and young cattle 3) Comparison of feed prices, veal prices and activity level</td>
<td>Field Survey (Integrators); Eurostat, PVE, LEI</td>
<td>No detailed slaughtering data before 2008 except in the Netherlands</td>
</tr>
<tr>
<td>N°2 Allow the breeders to keep the same level of incomes?</td>
<td>Veal / beef (under twelve months) breeders incomes have increased or have been stable between 2008 and 2012</td>
<td>1) Prices/costs evolution: newborn calves, feed, veal and beef (at the slaughtering stage) 2) Breeders Incomes calculated through the FADN data, in the Netherlands, through a network of farms in Spain</td>
<td>Eurostat (prices); Institut de l'Elevage LEI/ FADN Magrama</td>
<td>Analysis run in two member states only</td>
</tr>
<tr>
<td>N°3 Allow the other actors (processors, mass retailers, butchers) to maintain a satisfactory level of supply?</td>
<td>Operators do not report disruptions caused by marketing standards reform</td>
<td>Opinions of secondary processors Opinions of mass retailers Opinions of butchers’ associations</td>
<td>Field survey</td>
<td>Some interviewees paid little attention to our issue (some national butchers’ associations, döner processors). Nevertheless the most important stakeholders (mass retailers) answered regouroussly our questions.</td>
</tr>
<tr>
<td>N°4 Allow consumers to easily find products that meet their expectations?</td>
<td>Marketing standards reach consumers' expectations</td>
<td>1) Importance of veal / young cattle markets 2) Consumer associations’ statements</td>
<td>Eurostat; national and professional statistics; Field survey (Consumer associations)</td>
<td>Availability, liability and precision of estimates and panel data.</td>
</tr>
</tbody>
</table>
5.1. Maintaining activity of integrators and slaughterhouses

Our questioning has to begin with integrators’ evolution, since our field observations show that integrators are the leading stakeholders of the value chain. Their decisions influence the evolution of the whole chain.

That is why we will start with the observation of integrators’ activity (indicator n°1) in the analysed Member States and with the evolution of slaughtering (indicator n°2).

5.1.1. Indicator n°1: Integrators’ activity evolution

Table 20 – Indicator n°1: Integrators’ activity evolution – Stakeholders’ statements -

<table>
<thead>
<tr>
<th>Member State</th>
<th>Main evolution</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>Fewer animals slaughtered between 8 and 12 months, more veal-calves slaughtered before 8 months.</td>
<td>Evolution in this Member State is a very important aspect of the reform impact analysis. The main consequence of the reform has been the introduction and development of ‘rosé veal’ from animals bred until 8 month with solid feed. This new category combines the advantages of young animals (veal denomination is allowed) and moderate production costs (solid feed is cheaper than milk replacer-based diet).</td>
</tr>
<tr>
<td>France</td>
<td>No significant evolution.</td>
<td>French professional representatives remind that they asked for the reform to protect their own ‘veal’ definition; thus, it is logical that nothing changed in France.</td>
</tr>
<tr>
<td>Italy</td>
<td>No significant evolution.</td>
<td>The field survey reveals that the decline of veal-calf breeding is due to lowered farming revenues linked to the increase of production costs as the selling price has not evolved.</td>
</tr>
<tr>
<td>Germany</td>
<td>No significant evolution due to the reform. Little increase in demand.</td>
<td>The industry has concentrated due to the implementation of the quality control (KDK system).</td>
</tr>
<tr>
<td>Belgium</td>
<td>No significant change before and after the reform.</td>
<td>The integration system is dominant. All calves slaughtered were under 8 months before and after the reform. The annual volume has not changed (between 49 and 56 Kt cwe) during the evaluation period.</td>
</tr>
<tr>
<td>Spain</td>
<td>‘Ternera’ is now slaughtered younger (10 to 12 months versus 10 to 14 months before the reform).</td>
<td>The implementation of the reform did not lead to a modification of practices for fatteners or slaughterhouses. The reduction of production cycles and carcass weight observed was due to higher productions costs and especially feedstuffs costs.</td>
</tr>
<tr>
<td>Poland</td>
<td>The main evolution is the development of breeding of adult bovines.</td>
<td>No veal-calf integrators in Poland</td>
</tr>
<tr>
<td>Portugal</td>
<td>Economic difficulties led farmers to reduce their adult bovine breeding activity, thus more animals have been slaughtered younger (less than eight months old).</td>
<td>No veal-calf integrators in Portugal</td>
</tr>
</tbody>
</table>

Source: national case studies (AND-I field survey)

This qualitative result shows that veal-calf and young cattle production varied from one Member State to another. Concerning the reform impact, we can make out three different situations:

- The reform has directly led integrators to change their product-mix: the Netherlands;
- The reform has had no direct influence on veal/young cattle production: France, Italy, Germany, Belgium and Portugal;
- The reform could not have any impact: Poland (as veal-calf production is extremely low in Poland).
5.1.2. Indicator n°2: Slaughtering evolution

The availability of slaughtering data before 2009 constitutes a limit for this analysis as the distinction between eight to twelve-month-old calves and less than eight month old calves was not recorded before 2009. That is why we propose to split out this examination into three parts: a) all slaughtering from 2003 to 2012; b) veal-calf slaughtering (under eight months) from 2009 to 2012; c) young cattle (eight to twelve months old) slaughtering from 2009 to 2013.

a) Analysis of the evolution of the slaughtering of bovines aged less than twelve months from 2003 to 2012.

Table 21 – Slaughtering of bovines less than one year old

<table>
<thead>
<tr>
<th>1,000 t cwe</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Ave. 03-07</th>
<th>Ave 08-12</th>
<th>Evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>39</td>
<td>33</td>
<td>34</td>
<td>32</td>
<td>29</td>
<td>29</td>
<td>141</td>
<td>200</td>
<td>245</td>
<td>249</td>
<td>33</td>
<td>173</td>
<td>417</td>
</tr>
<tr>
<td>Germany</td>
<td>40</td>
<td>46</td>
<td>45</td>
<td>43</td>
<td>40</td>
<td>40</td>
<td>46</td>
<td>48</td>
<td>54</td>
<td>60</td>
<td>43</td>
<td>50</td>
<td>16%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>186</td>
<td>198</td>
<td>212</td>
<td>205</td>
<td>212</td>
<td>223</td>
<td>223</td>
<td>222</td>
<td>219</td>
<td>215</td>
<td>203</td>
<td>220</td>
<td>9%</td>
</tr>
<tr>
<td>Portugal</td>
<td>23</td>
<td>23</td>
<td>26</td>
<td>20</td>
<td>13</td>
<td>21</td>
<td>23</td>
<td>20</td>
<td>23</td>
<td>24</td>
<td>21</td>
<td>22</td>
<td>6%</td>
</tr>
<tr>
<td>Belgium</td>
<td>50</td>
<td>49</td>
<td>53</td>
<td>54</td>
<td>53</td>
<td>51</td>
<td>53</td>
<td>56</td>
<td>53</td>
<td>53</td>
<td>52</td>
<td>53</td>
<td>3%</td>
</tr>
<tr>
<td>France</td>
<td>243</td>
<td>236</td>
<td>244</td>
<td>239</td>
<td>219</td>
<td>232</td>
<td>221</td>
<td>224</td>
<td>226</td>
<td>217</td>
<td>236</td>
<td>224</td>
<td>-5%</td>
</tr>
<tr>
<td>Poland</td>
<td>27</td>
<td>9</td>
<td>12</td>
<td>7</td>
<td>14</td>
<td>21</td>
<td>15</td>
<td>11</td>
<td>10</td>
<td>8</td>
<td>14</td>
<td>13</td>
<td>-6%</td>
</tr>
<tr>
<td>Italy</td>
<td>147</td>
<td>141</td>
<td>142</td>
<td>142</td>
<td>129</td>
<td>127</td>
<td>136</td>
<td>138</td>
<td>129</td>
<td>127</td>
<td>140</td>
<td>131</td>
<td>-6%</td>
</tr>
<tr>
<td>Total except Spain</td>
<td>716</td>
<td>702</td>
<td>734</td>
<td>710</td>
<td>680</td>
<td>715</td>
<td>717</td>
<td>719</td>
<td>714</td>
<td>704</td>
<td>708</td>
<td>714</td>
<td>1%</td>
</tr>
<tr>
<td>Total including Spain</td>
<td>755</td>
<td>735</td>
<td>768</td>
<td>742</td>
<td>709</td>
<td>744</td>
<td>858</td>
<td>919</td>
<td>959</td>
<td>953</td>
<td>742</td>
<td>887</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Eurostat, Meat production and foreign trade annual data [apro_mt_pann] – (NB these data do not include slaughtering other than in slaughterhouses)

Our first remark concerns Spain, whose production of young bovines has increased importantly. Drawing on the case study, the explanation given by the national authority and professional bodies is that, given the price of forage, most breeders have reduced the fattening cycles of ‘terneras’ (young bovines usually slaughtered between ten and fourteen months old). This kind of carcass constitutes the core of the Spanish beef market. This evolution is an adaptation to external factors and not an effect of the veal and young cattle labelling reform.

Once this particular case is excluded, the observation shows that production figures have generally been consistent in the other seven Member States. Inside this group, several situations can be observed: German and Dutch activities have expanded significantly; Portuguese and Belgian slaughtering has been maintained; French and Italian volumes have decreased, as has the Polish tonnage.

A more detailed examination of the evolution in the Netherlands reveals that a peak was reached in 2008 and 2009 when the reform was implemented; thereafter volumes have slightly reduced. According to the case study, this is partly linked to the former slaughtering premium granted to bovine animals aged more than nine months; this incentive explains the rapid growth between 2003 and 2007, accelerated in 2008 and 2009. PVE data show that the number of animals slaughtered grew from 2003 until 2011 (see chart below); the main effect of the labelling reform was a reduction in volumes, due to the lowering of the average carcass weight. This phenomenon has resulted in an increase in the slaughtering of younger animals (less than eight months old) and a decrease in the slaughtering of older animals (between eight and twelve months).
Figure 19 – Number of animals slaughtered in the Netherlands from 2003 to 2012, by category (Index – 100=2003)

Source: AND-international from PVE

In Germany, data show a significant growth only in 2011 and 2012; from 2002 to 2010, tonnage fluctuated with no significant trend. As German companies mostly slaughter veal-calves rather than young cattle, this positive evolution is linked to a growth in the national demand for veal.

In Portugal, except for a drop in 2007, the tonnage has remained stable.

Belgian activity was also stable. However, French and Italian slaughtering showed a decreasing trend. This appears to be a long-term evolution. The chart below shows a rebound in France in 2008 and in Italy in 2009 and 2010, but the long-term trends have not changed.

Thus, according to case studies, the labelling reform has had little effect. The clarification helped local companies to compete against rosé veal from the Netherlands and may have eased the observed rebounds, but no interviewee established a sound link between the phenomena.

Figure 20 Slaughtering (bovines less than one year old) in France and Italy from 2003 to 2012, by category (Index – 100=2003)

Source: AND-international from Eurostat
The Polish case completes this review: veal and young cattle slaughtering was a marginal activity, as local demand for beef and veal meat is very low and as most of the young calves from the dairy herd are exported to western Member States to be fattened. Thus, the labelling reform was a marginal event; the evolution in slaughtering reflects the changes in consumers’ demand.

b) Analysis of slaughtering of calves less than eight months old from 2009 to 2012

Figure 21 - Slaughtering of calves less than eight months old (index 2009-2012; 100=2009) (2012 level in 1,000 t cwe)

Figure n°21 above shows the evolution of the veal-calf production for each Member State. Unfortunately, such data do not exist for the period before the reform. Nevertheless, the analysis of how veal-calf production evolved after the reform confirms interviewees’ statements: development in the Netherlands (due to an adaptation of the Dutch integrators’ product strategy) and in Germany.

Production has fluctuated, if not declined in France, Italy, Belgium and Portugal; it has plunged in Poland.

According to all interviewees, veal production in France, Italy and even Belgium is still focused on fattening using the 24-to-26 week cycles, with milk or milk replacer feed. Demand for this traditional product is slowly vanishing. In France and Italy the long-term trend is a yearly -2% decrease, both in demand and slaughtering. In Belgium, slaughtering has been fluctuating but has remained stable over the long-term (10 year), due to the exporting position of the Belgian veal industry.

Italian slaughtering data do not reflect breeding production as interviewees indicated that Italian slaughterhouses have been buying more fattened animals from other Member States (particularly the Netherlands).

Poland’s data show that veal-calf slaughtering has never been very important, and has slumped lately (8,000 t cwe in 2012). These data confirm interviewees’ opinions: Polish farmers have developed adult bovine production.
In Spain, the evolution of veal-calf slaughtering is not representative of the main impact of the reform, as it concerns young cattle (‘ternera’).

c) Analysis of slaughtering of young cattle from 2009 to 2012

Figure n°22 below shows the evolution of young cattle (eight to twelve months) in Member States with a significant production of this age category.

![Figure 22](image)

**Source:** AND-I from Eurostat and Destatis – NB: volume in Poland is zero; in Belgium it never exceeds 6,000 t cwe

This second chart reflects two important evolutions that could be linked to the reform:

- The decrease of the slaughtering of eight-to-twelve months old calves in the Netherlands;
- The growth of slaughtering of ‘terneras’ in Spain.

According to interviewees’ statements:

- The Dutch evolution is really a consequence of the reform;
- The Spanish case is different; growth in the slaughtering of ‘ternera’ (under twelve months) is a consequence of the high price of forage, that led breeders to reduce the fattening cycle and to offer more animals aged less than twelve months.

In the other Member States, we notice:

- Stability in France and Portugal;
- Significant decrease in Italy in the Z category; the explanation for this is technical. This category is recorded in slaughterhouses but tends to disappear or to be included in the beef category as there is no demand from major retailers for the Z category.
- In Germany, the slaughtering of young cattle is not done by companies specialised in veal. Our field survey does not provide any explanation for this evolution (100% growth rate in 4 years) which is however not important in absolute numbers (+ 5,000 t), and located in Nordrhein-Westfale.
- In the Netherlands, the evolution can be measured more precisely as the professional body (PVE) publishes slaughtering data, distinguishing between rosé and white calves. Rosé calves are slaughtered at eight months or after. By combining data from Eurostat (slaughtering depending on age) with PVE data (slaughtering depending on colour of the meat) one can draw a fairly precise picture of the evolution.
This estimate shows that a new category has developed in the Netherlands since the reform implementation. This new kind of production is an adaptation of the Dutch production system to the new Regulation. It represents 23% of the Dutch slaughtering of bovine animals less than twelve months that is to say approximately 50,000 tonnes cwe or 8% of the EU veal market.

5.1.3. Indicator n°3: Comparative price analysis (raw materials, meat) and activity level

The chart above shows different evolutions. It aims at summarising the evolution of the veal and young cattle meat market from 2003 to 2012.

As we saw in chapter three, raw material prices play a central role in influencing veal and young cattle meat production; they have raised much faster than the other price indices; yet the average price for veal calve/young cattle in the EU followed raw material prices (especially milk) from 2005 to 2011, while retail prices increased steadily but at a slower pace than slaughtering prices. In the same period, the quantity of veal and young cattle meat produced in the studied Member States (except Spain, whose case is particular) was stable.
2008 was a special year as on the one hand, feed prices were all down after a peak in 2007, but on the other hand demand for veal also went down, due to higher retail prices (the consequence of milk product prices being high in 2007), leading to a drop in carcass prices at the slaughterhouse gate.

These evolutions show that, despite a clear interconnection, the feed market and veal market are in fact two different markets, and the prices on those markets are determined by their own balance.

It also shows that the labelling reform has had no influence on the production level or even prices.

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FINDINGS OF SUBQUESTION °1
LEVEL OF ACTIVITY OF INTEGRATORS AND SLAUGHTERHOUSES

The examination of the stakeholders’ statements and slaughtering data show that the veal and young cattle production has evolved differently in different Member States.

In the Netherlands important changes have happened:

- Decrease of slaughtering of eight to twelve month old animals;
- Development of a new product category (rosé veal, grain-bred, aged less than eight months);
- Decrease of white veal production (milk replacer-bred, aged less than eight months)

These changes are direct consequences of the reform. Stakeholders have indicated that they have shortened the fattening cycle to comply with the reform requirements; nevertheless, they have kept a grain-based diet, adapted to the breeders’ equipment and in order to keep cost low enough.

In Spain, we notice the growth in the slaughtering of ‘terneras’. This evolution results from an evolution in forage prices that led breeders to shorten fattening cycles. The reform has not influenced this evolution, even if the former ‘ternera’ definition included animals older than twelve months. The coincidence of the reform, of the surge in fodder prices and of the lowering of slaughtering age might make one think that the reform triggered the shortening of the fattening cycles. Nevertheless, the actors as a whole (professional representatives, professionals, administration officers) have clearly stated that forage prices are responsible for this evolution, and not the reform.

In Italy and France veal production has been declining since the beginning of the examination period; the reform implementation has not curbed this trend. Stakeholders’ statements indicate that demand is decreasing and that in France and Italy the decline in production is due to the decline in breeders’ income.

In Belgium veal production has been fluctuating all along the examination period, with no significant change before or after the reform.

In Italy the slaughtering of eight to twelve months young cattle has almost disappeared. This is a consequence of the neglecting of the Z category in retailers’ software.

In Germany the growth of veal production is linked to the local demand, which is slightly growing.

Nothing that can be considered as a reform impact happened in Poland or Portugal. In these two Member States there is no integration in veal-calf production.
5.2. Maintaining breeders’ income

The judgement criterion is the evolution of the breeders’ income. An important limit pointed out in the first part of the present study is that the FADN data set cannot be used to measure farm productivity or profitability; the size of the national samples of veal-calf farms identified in the FADN database are too small to be statistically significant.

Our field survey showed that there is not a large literature about the profitability of veal calf farms:

- The LEI (Lanbow Economic Institut – the Netherlands) publishes a yearly analysis based on the national FADN database;
- The IE (Institut de l’élevage - France) has analysed profitability based on a specific data collection over the period 2008 - 2010. The analysis was updated in 2013 but is not yet available;
- The Magrama (Spanish Ministry for Agriculture and Rural Development) publishes a yearly analysis of breeding farms’ costs and profitability, some data describe the production of ‘ternera’.

We did not identify other sources. Integrators did not give us any precise indication about production costs or farmers’ income.

To reach our judgement we will examine successively:

- French professional survey about the structure of production costs (veal-calf);
- General data: feed prices, newborn calf prices, veal prices (carcasses);
- Dutch works about the profitability of veal calf production.

5.2.1. Indicator n°4: Structure of production costs

The analysis run in 2011 (data 2010) by the Institut de l’Elevage gives precious indications about the structure of production costs.

Table 22 – Veal calf production costs, France 2010

<table>
<thead>
<tr>
<th></th>
<th>Euros / Head</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newborn calf</td>
<td>150.00</td>
</tr>
<tr>
<td>Feed</td>
<td>411.56</td>
</tr>
<tr>
<td>Vet</td>
<td>15.00</td>
</tr>
<tr>
<td>Financial cost</td>
<td>14.49</td>
</tr>
<tr>
<td>Morbidity</td>
<td>3.60</td>
</tr>
<tr>
<td>Breeder Fees</td>
<td>75.00</td>
</tr>
<tr>
<td>TOTAL COST / HEAD</td>
<td>669.65</td>
</tr>
<tr>
<td>TOTAL COST / Kg cwe</td>
<td>5.11</td>
</tr>
</tbody>
</table>

Source: Institut de l’Elevage

The study showed that breeder structural costs (depreciation and amortisation, gas, water, administrative costs, social costs, manure cost, equipment maintenance) were 75.5 EUR/head (depreciation and amortisation were 38.5 EUR / head). As a consequence the net margin before direct payment24 was negative.

Nevertheless, this analysis shows that feed costs are very important, reaching 61%, while newborn calf costs represent 22% of the total costs, and that other charges represent around 5% of the total. It also shows that breeders’ revenue depends on the contract conditions more

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24 Net margin before direct payment is the difference between incomes and expenses directly linked to the farming activity. Direct payments are decoupled aids paid by the European Union. Their amounts do not depend on the production.
than on markets trends. The cornerstone of the integration system is that economic risks are assumed by integrators. Breeders assume technical risks: they have to perform the breeding cycle, while maintaining the costs other than those for the feed and newborn calves, as low as possible.

In the next paragraph, we examine the price evolution of calves (newborn calf, EUR), feed (solid and liquid – EUR/tonne) and veal (carcasses at slaughterhouse gate; euro/t cwe).

5.2.2. Indicator n°5: Feed, calf and veal price evolutions

There has been a significant and volatile upward price evolution from 2007 onwards, as European farm product markets have been liberalised. In the first part of this report the analysis of external factor shows that raw material (milk, grains) price evolutions depend on general and global factors, such as the Asian demand or the intensity of droughts in different parts of the world.

There are two categories of calf feed: liquid from milk powder and whey (milk replacer) and solid from grain and straw. Development of solid feed is a general trend, first because Council Directive 2008/19/EC (18 December 2008) on calves animal welfare required breeders to give more solid feed to the calves, secondly because solid feed helps reduce production costs.

Table n° 23 below shows available feed price data.

<table>
<thead>
<tr>
<th>EUR/100kg</th>
<th>NL Feed for rose calf</th>
<th>NL Calfs’ milk (liquid feed)</th>
<th>PL Solid feed for calves</th>
<th>PT Solid feed for calves</th>
<th>FR Index for liquid feed</th>
<th>FR Index for solid feed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>17.05</td>
<td>116.50</td>
<td>28.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>17.85</td>
<td>118.40</td>
<td>30.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>16.55</td>
<td>125.95</td>
<td>29.98</td>
<td></td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>2006</td>
<td>17.15</td>
<td>137.75</td>
<td>30.38</td>
<td></td>
<td>95</td>
<td>90</td>
</tr>
<tr>
<td>2007</td>
<td>20.65</td>
<td>167.00</td>
<td>32.59</td>
<td></td>
<td>113</td>
<td>101</td>
</tr>
<tr>
<td>2008</td>
<td>24.95</td>
<td>140.10</td>
<td>37.33</td>
<td></td>
<td>103</td>
<td>115</td>
</tr>
<tr>
<td>2009</td>
<td>21.30</td>
<td>129.70</td>
<td>35.29</td>
<td></td>
<td>90</td>
<td>102</td>
</tr>
<tr>
<td>2010</td>
<td>22.10</td>
<td>147.15</td>
<td>35.89</td>
<td></td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2011</td>
<td>27.40</td>
<td>170.75</td>
<td>41.77</td>
<td></td>
<td>113</td>
<td>115</td>
</tr>
<tr>
<td>2012</td>
<td>29.55</td>
<td>182.50</td>
<td>44.70</td>
<td></td>
<td>114</td>
<td>121</td>
</tr>
<tr>
<td>Ave 03-07</td>
<td>17.85</td>
<td>133.12</td>
<td>n/a</td>
<td>30.33</td>
<td>99.24</td>
<td>93.39</td>
</tr>
<tr>
<td>Ave 08-12</td>
<td>25.06</td>
<td>154.04</td>
<td>39.00</td>
<td>39.00</td>
<td>104.05</td>
<td>110.83</td>
</tr>
<tr>
<td>evoluation</td>
<td>40%</td>
<td>16%</td>
<td>nd</td>
<td>29%</td>
<td>5%</td>
<td>19%</td>
</tr>
</tbody>
</table>

No data in Italy, Belgium, Germany, Spain; in France only indexes from 2005 are available.

Sources: PVE, INSEE, INE, Meat market status and prospects – Market Analyses (PL)

Rises in feed prices have been sharp, especially in the Netherlands (solid feed for rose calves). Theoretically, as feed accounts for 60% of the total costs of veal-calves, a 20% rise in feed prices should lead to a 12% rise in carcass price. The consequence has been higher prices for veal or young cattle meat and/or reduced margins for breeders, integrators and other stakeholders in the market chain.

Newborn calves represent approximately one fifth of the total production cost of veal-calves. Table n° 24 below shows the evolutions in the main producing Member States.

25 Table n°22 indicates 22% in France in 2010. Of course this may vary, depending on newborn calf price, feed prices and on the efficiency of the breeder.

Table 24 – Newborn calf prices

<table>
<thead>
<tr>
<th>Year</th>
<th>DE</th>
<th>ES</th>
<th>FR</th>
<th>IT</th>
<th>NL</th>
<th>UE27</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>242</td>
<td>267</td>
<td>222</td>
<td>313</td>
<td>161</td>
<td>224</td>
</tr>
<tr>
<td>2004</td>
<td>216</td>
<td>256</td>
<td>220</td>
<td>303</td>
<td>163</td>
<td>213</td>
</tr>
<tr>
<td>2005</td>
<td>243</td>
<td>247</td>
<td>228</td>
<td>188</td>
<td>181</td>
<td>201</td>
</tr>
<tr>
<td>2006</td>
<td>273</td>
<td>275</td>
<td>244</td>
<td>204</td>
<td>190</td>
<td>217</td>
</tr>
<tr>
<td>2007</td>
<td>223</td>
<td>233</td>
<td>180</td>
<td>165</td>
<td>133</td>
<td>174</td>
</tr>
<tr>
<td>2008</td>
<td>206</td>
<td>200</td>
<td>153</td>
<td>164</td>
<td>125</td>
<td>161</td>
</tr>
<tr>
<td>2009</td>
<td>234</td>
<td>223</td>
<td>173</td>
<td>185</td>
<td>152</td>
<td>182</td>
</tr>
<tr>
<td>2010</td>
<td>322</td>
<td>209</td>
<td>163</td>
<td>182</td>
<td>136</td>
<td>199</td>
</tr>
<tr>
<td>2011</td>
<td>354</td>
<td>206</td>
<td>162</td>
<td>171</td>
<td>143</td>
<td>213</td>
</tr>
<tr>
<td>2012</td>
<td>393</td>
<td>225</td>
<td>174</td>
<td>179</td>
<td>140</td>
<td>233</td>
</tr>
<tr>
<td>Ave. 03-07</td>
<td>239</td>
<td>256</td>
<td>219</td>
<td>234</td>
<td>166</td>
<td>206</td>
</tr>
<tr>
<td>Ave. 08-12</td>
<td>271</td>
<td>234</td>
<td>192</td>
<td>205</td>
<td>152</td>
<td>202</td>
</tr>
<tr>
<td>Evolution</td>
<td>13%</td>
<td>-8%</td>
<td>-12%</td>
<td>-12%</td>
<td>-8%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

Source: DG AGRI Unit C3 – No data available for Belgium Poland and Portugal

The price level is consistently lower in the Netherlands, as it is the most important buyer and Dutch integrators have a dominant position on the young calf market. Since 2009, trends have been similar in all countries, except in Germany. The trend was down from 2003 to 2008 and then reversed with a recovery from 2009 to 2012. Nevertheless, average prices are lower after the reform than they were before (except in Germany).

Overall, we notice that the variation in newborn calf prices has not been as significant as the variation in feed prices, thus this factor has not had a major influence on production costs.

Table 25 – Veal carcass prices (at slaughterhouse gate)

<table>
<thead>
<tr>
<th>Year</th>
<th>BE</th>
<th>DE</th>
<th>FR</th>
<th>IT</th>
<th>NL</th>
<th>EU27</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>513</td>
<td>432</td>
<td>540</td>
<td>460</td>
<td>442</td>
<td>491</td>
</tr>
<tr>
<td>2004</td>
<td>523</td>
<td>436</td>
<td>570</td>
<td>476</td>
<td>461</td>
<td>515</td>
</tr>
<tr>
<td>2005</td>
<td>507</td>
<td>430</td>
<td>516</td>
<td>440</td>
<td>420</td>
<td>470</td>
</tr>
<tr>
<td>2006</td>
<td>579</td>
<td>478</td>
<td>580</td>
<td>487</td>
<td>476</td>
<td>529</td>
</tr>
<tr>
<td>2007</td>
<td>609</td>
<td>492</td>
<td>605</td>
<td>523</td>
<td>498</td>
<td>556</td>
</tr>
<tr>
<td>2008</td>
<td>608</td>
<td>448</td>
<td>574</td>
<td>435</td>
<td>413</td>
<td>498</td>
</tr>
<tr>
<td>2009</td>
<td>605</td>
<td>439</td>
<td>557</td>
<td>440</td>
<td>413</td>
<td>493</td>
</tr>
<tr>
<td>2010</td>
<td>607</td>
<td>453</td>
<td>575</td>
<td>445</td>
<td>437</td>
<td>508</td>
</tr>
<tr>
<td>2011</td>
<td>633</td>
<td>488</td>
<td>609</td>
<td>493</td>
<td>488</td>
<td>549</td>
</tr>
<tr>
<td>2012</td>
<td>632</td>
<td>489</td>
<td>623</td>
<td>468</td>
<td>480</td>
<td>546</td>
</tr>
<tr>
<td>Ave. 03-07</td>
<td>546</td>
<td>454</td>
<td>562</td>
<td>477</td>
<td>459</td>
<td>512</td>
</tr>
<tr>
<td>Ave. 08-12</td>
<td>617</td>
<td>463</td>
<td>587</td>
<td>456</td>
<td>446</td>
<td>519</td>
</tr>
<tr>
<td>Evolution</td>
<td>13%</td>
<td>2%</td>
<td>5%</td>
<td>-4%</td>
<td>-3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: DG AGRI Unit C3 Animal Products

Prices for veal carcasses have not evolved much during the evaluation period, except in Belgium where prices rose especially in 2011 and 2012. The main observation is that carcass prices have not risen as much as feed prices. Therefore, stakeholders had to increase their productivity or accept a restraint on their margins and profits.
5.2.3. Indicator n°6: Breeders’ income evolution, the Dutch case

As already mentioned, the only representative data showing veal breeding farm results are collected by the LEI. The table below presents the main data from the veal breeding farms’ accountancy analysis.

Table 26 – Veal breeding farms sample results in the Netherlands

<table>
<thead>
<tr>
<th>, 000 EUR</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Ave. 03-07</th>
<th>Ave. 08-12</th>
<th>Evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total output</td>
<td>133</td>
<td>147</td>
<td>166</td>
<td>159</td>
<td>153</td>
<td>158</td>
<td>178</td>
<td>180</td>
<td>190</td>
<td>231</td>
<td>234</td>
<td>152</td>
<td>187</td>
<td>24%</td>
</tr>
<tr>
<td>Total payments of costs and depreciation (excl. interest)</td>
<td>86</td>
<td>93</td>
<td>101</td>
<td>96</td>
<td>101</td>
<td>106</td>
<td>120</td>
<td>118</td>
<td>125</td>
<td>150</td>
<td>156</td>
<td>95</td>
<td>124</td>
<td>29%</td>
</tr>
<tr>
<td>Calculated labour costs</td>
<td>68</td>
<td>64</td>
<td>68</td>
<td>63</td>
<td>60</td>
<td>64</td>
<td>68</td>
<td>68</td>
<td>68</td>
<td>79</td>
<td>79</td>
<td>65</td>
<td>69</td>
<td>7%</td>
</tr>
<tr>
<td>Calculated capital costs</td>
<td>15</td>
<td>19</td>
<td>15</td>
<td>23</td>
<td>25</td>
<td>18</td>
<td>26</td>
<td>20</td>
<td>15</td>
<td>14</td>
<td>10</td>
<td>19</td>
<td>19</td>
<td>-4%</td>
</tr>
<tr>
<td>Paid interest</td>
<td>15</td>
<td>12</td>
<td>14</td>
<td>17</td>
<td>22</td>
<td>17</td>
<td>22</td>
<td>18</td>
<td>20</td>
<td>28</td>
<td>26</td>
<td>16</td>
<td>21</td>
<td>29%</td>
</tr>
<tr>
<td>Total farm economic costs</td>
<td>169</td>
<td>176</td>
<td>184</td>
<td>181</td>
<td>186</td>
<td>188</td>
<td>214</td>
<td>206</td>
<td>208</td>
<td>242</td>
<td>245</td>
<td>179</td>
<td>212</td>
<td>18%</td>
</tr>
<tr>
<td>Net farm result</td>
<td>-36</td>
<td>-29</td>
<td>-18</td>
<td>-23</td>
<td>-33</td>
<td>-30</td>
<td>-36</td>
<td>-26</td>
<td>-18</td>
<td>-12</td>
<td>-11</td>
<td>-24</td>
<td>ns</td>
<td></td>
</tr>
<tr>
<td>Family labour income</td>
<td>32</td>
<td>34</td>
<td>50</td>
<td>40</td>
<td>27</td>
<td>34</td>
<td>32</td>
<td>41</td>
<td>50</td>
<td>67</td>
<td>68</td>
<td>37</td>
<td>45</td>
<td>23%</td>
</tr>
<tr>
<td>Family farm income</td>
<td>32</td>
<td>41</td>
<td>50,6</td>
<td>46,2</td>
<td>30,2</td>
<td>35,2</td>
<td>35,7</td>
<td>43,4</td>
<td>45,4</td>
<td>53,5</td>
<td>52</td>
<td>40</td>
<td>43</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: LEI-FADN 26– 2013 provisional – ns: not significant

The output has been regularly increasing, the average rate of progression between the two periods (2003-07; before the reform; 2008-12; after the reform) is 24%.

In the meantime, costs rose significantly, with huge differences between external costs (+29%), paid interest (+29%) and calculated capital costs (-4%).

The net farm result has always been negative, but in recent years the deficit has been lower than it used to be. At the same time, the ‘family labour income’ has grown by 23% and the ‘family farm income’ has increased by 13%.

During the whole period the ‘net farm result’ is negative and the ‘family farm income’ is positive. This is because the calculated labour and capital costs are taken as an expense for the calculation of the ‘net farm result’ and as a revenue for the calculation of the ‘family farm income’.

On the other hand, year-by-year examination shows that even the net farm result has been increasing these last years (after 2011). The worst results were recorded from 2007 to 2009, that is to say just before and just after the reform’s implementation year. This period also marks the beginning of the volatility of commodity prices.

For all these reasons, we can conclude that the reform has had no direct influence on farmers’ income. One can think that our analysis is limited to the Dutch case, but it is still significant because, as we have seen in the first part of this question’s answer, the main changes have occurred in the Netherlands. Thus, one can say that in the Member States whose production...
has been the most impacted by the reform, veal breeders’ average income have increased significantly.

**MAIN FINDINGS IN SUBQUESTION N°2**

**BREEDERS’ INCOME**

**Indicator n°4** based on a study carried out in France in 2010, shows that feed costs represent 60% of total productions cost of veal-calves. It should also be noted that integrators assume the commercial risks of production while breeders assume technical risks.

**Indicator n°5** based on different sources (INSEE, INE, Meat market status and prospects – Market Analyses, Eurostat) shows that feed prices increased during the years following the labelling reform (but independently from the reform); veal-calf and young cattle production costs increased proportionally; Newborn calf prices fluctuated all along the examination period and decreased at the end, but the weight of newborn calves in total production cost is marginal. Veal carcass prices increased but less than raw materials prices did.

**Indicator n°6** relies on the Dutch annual analysis of the local FADN database. It shows that the family labour income and the family farm income rose from 2010 to 2013. The Dutch case shows that, even if the main costs (feed) rose, the breeders’ income was higher in the period following the reform implementation. It shows that the reform has had no negative influence on the breeders’ income even in the most reform-impacted Member States (as seen in sub-question n°1).
5.3. Maintaining a satisfactory level of supply

5.3.1. Indicator n°7: Stakeholders’ opinion about supply level after the reform

Table n°27 below shows the processors’ and retailers’ opinions as they were collected during our field survey.

Table 27 - Stakeholders’ opinion about supply level after the reform (secondary processors and retailers)

<table>
<thead>
<tr>
<th>Member State</th>
<th>Secondary processors’ opinions</th>
<th>Retailers’ opinions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>No significant activity in prepared meal in Belgium.</td>
<td>Veal is a minor but regular part of the fresh meat range. Consumer demand has not changed and shortages happened when the reform was implemented. These shortages lasted several weeks, due to the production chain adaptation delay.</td>
</tr>
<tr>
<td>Germany</td>
<td>The “döner” market is said to be the main opportunity for market developments and the use of second choice cuts, either from white or rosé veal (aged less than eight months).</td>
<td>Development of a lower range of veal meat for catering. Development of high quality product for home consumption.</td>
</tr>
<tr>
<td>Italy</td>
<td>Secondary processing industry is in an early phase in Italy. It is expected to have a slow growth in the years to come. Meat used in this industry is white veal.</td>
<td>No shortage cases were recorded when the reform was implemented. Reduction in veal sales result from changes in eating habits and economic crisis (according to high prices of veal).</td>
</tr>
<tr>
<td>France</td>
<td>Secondary processors used to buy eight-to-twelve month old rosé veal before 2008. After the reform they changed for less-than-eight-month old rosé veal.</td>
<td>No shortage cases were recorded when the reform was implemented. Retailers have not changed their quality standards. Some of them used eight-to-twelve-month old rosé veal before 2008 as cheap promotional product; they changed for less-than-eight-month old rosé veal.</td>
</tr>
<tr>
<td>Spain</td>
<td>No significant activity in secondary processing in Spain.</td>
<td>Veal (under 8 months) is mainly consumed in traditional areas. PGI productions have been maintained. Ternera (over 8 months) consumption has decreased due to economic crisis. No shortages have been recorded.</td>
</tr>
<tr>
<td>Portugal</td>
<td>No activity in secondary processing in Portugal.</td>
<td>Veal demand was challenged by cheaper meat demand, due to the economic crisis.</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Secondary processors mainly sell to the domestic Dutch market. Their clients are food service companies. In the Netherlands, these companies mainly purchase rosé meat of animals between eight and twelve months old.</td>
<td>Veal consumption is very low, takes place mainly through catering.</td>
</tr>
<tr>
<td>Poland</td>
<td>No activity in secondary processing in Poland.</td>
<td>Some slaughterhouses reported a shortage in veal, not linked with the reform.</td>
</tr>
</tbody>
</table>

Source: field survey
This table reflects the veal market reality. We recorded significant secondary processing in three Member States: Germany, France and the Netherlands. In each case this market segment is characterised by a demand for low prices. Second choice cuts and rosé veal (grain fed) are suited for this processing activity. The labelling reform induced no shortages.

Concerning mass retail:

- No shortages were recorded, but a temporary surplus at the very moment of the reform implementation, due to a destocking phenomenon in the Dutch industry (just before the implementation date, Dutch integrators and slaughterhouses accelerated their production cycles, in order to sell the production in progress; consequently usual flows were perturbed: larger volumes just before the implementation date and lower volumes just after).

- Retailers recorded a decrease in beef and veal consumption due to the economic crisis (France, Italy, Spain, Portugal, the Netherlands). No link with the reform was identified;

- In Poland some stakeholders claimed that a shortage in fattened animals would have led to unmet local demand. The reason is the shipment of young animals to be fattened in western Member States.

Table 28 - Butchers associations’ opinions

<table>
<thead>
<tr>
<th></th>
<th>Butchers associations’ opinions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>- The reform has not lead to important changes in butcher shops</td>
</tr>
<tr>
<td></td>
<td>- No sales of meat from animals slaughtered between eight and twelve months before and after the reform</td>
</tr>
<tr>
<td></td>
<td>- Information on the age of the animal has been displayed in shops since the reform</td>
</tr>
<tr>
<td></td>
<td>- The reform is perceived positively because it has led to clarification</td>
</tr>
<tr>
<td>France</td>
<td>- The labelling reform has had no influence on butchers’ activity (they sell only white veal (six months old, milk-fed))</td>
</tr>
<tr>
<td></td>
<td>- The association has no precise idea on how the compulsory labelling is done in shops.</td>
</tr>
<tr>
<td>Germany</td>
<td>- The reform has not lead to important changes in butcher shops</td>
</tr>
<tr>
<td></td>
<td>- Very low sales of meat from animal slaughtered between eight and twelve months, same before and after the reform</td>
</tr>
<tr>
<td></td>
<td>- Information on the age of the animal has been displayed in the shops since the reform</td>
</tr>
<tr>
<td></td>
<td>- The reform is perceived positively because it has led to clarification</td>
</tr>
<tr>
<td></td>
<td>- Consumers’ choice factors: 1) top quality - tenderness 2) origin. Other factors: not important</td>
</tr>
<tr>
<td></td>
<td>- German market: dark meat instead of light one</td>
</tr>
<tr>
<td>Spain</td>
<td>- The reform has not lead to important changes in butcher shops: veal meat sales are very limited and butchers are not used to working with small carcasses (so the lowering of ‘ternera’ age from fourteen months old to twelve months old did not generate difficulties)</td>
</tr>
<tr>
<td></td>
<td>- Information on animal slaughtering age and categories Z or V has been displayed in shops since the reform. The national federation of butcher shops circulated news reports and provided their members with models for new labels.</td>
</tr>
<tr>
<td></td>
<td>- The reform is perceived positively because it has led to a higher level of control in the food chain.</td>
</tr>
<tr>
<td>Italy</td>
<td>The Italian association had nothing to declare on this subject</td>
</tr>
</tbody>
</table>

Source: field survey
Concerning traditional butcher shops:

The butchers’ activity has not been disturbed by the labelling reform. The main reason is that they did not use eight to twelve months young cattle meat before 2008 and they haven’t since then. We have to point out some differences:

- The Spanish case is about ‘ternera’ (young cattle) and not veal (but nothing has changed after the reform);
- In Belgium, Germany and Spain, the professional associations stated that the information about animals age is provided;
- French and Italian professional bodies do not know about the labelling or displaying of information on animal age.

<table>
<thead>
<tr>
<th>MAIN FINDINGS IN SUBQUESTION N°3</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTHER ACTORS’ SATISFACTORY LEVEL OF SUPPLY</td>
</tr>
</tbody>
</table>

From stakeholders’ opinions collected through our field survey (indicator n°7), we conclude that:

- **Mass retailers** have recorded no significant shortages by after the labelling reform;
- The secondary processing industry is significant in three Member States (Germany, France, Italy), where a specific demand for low priced cuts has been satisfied since the reform, both with white or rosé veal, from animals slaughtered before eight months old;
- Traditional butchers have not recorded any significant changes, as the reform made no obligation to change the nature of the product they sell. In France and Italy, butchers’ associations are not aware of how the information about slaughtering age is displayed.
5.4. Meeting consumer expectations

5.4.1. Indicator n°8: Importance of veal market and consumer associations’ opinions

Table n°29 below shows statistical data about the importance of the veal segment in the bovine market and summarises the consumers’ associations’ views.

Table 29 - Importance of veal market and consumer associations’ opinions

<table>
<thead>
<tr>
<th>Member State</th>
<th>Importance of veal in the bovine meat market</th>
<th>Consumer associations’ opinions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Veal accounts for only 3% to 5% of the meat sold to the Belgian households, 11% of the bovine meat market</td>
<td>The consumer association contacted was not aware of the labelling reform. They expressed no opinion on the subject.</td>
</tr>
<tr>
<td>Germany</td>
<td>Veal is less than 10% of German bovine consumption.</td>
<td>Veal marketing standards are not an issue for the consumer association contacted.</td>
</tr>
<tr>
<td>Italy</td>
<td>Veal represents 26% of total bovine meat purchase (ISMEA, 2013). This share must have undergone little change the evaluation period.</td>
<td>Interviews show that: the main consumer organisation’s concerns are food safety issues (hormones and other substances). The association considers that Italian consumers have no information concerning the age of slaughtering or the feed.</td>
</tr>
<tr>
<td>France</td>
<td>The veal represents more than 10% of bovine meat turnover for two of the main supermarket chains.</td>
<td>The French consumer organisation has not specifically studied the issue of veal denomination. Their work focuses on feed, antibiotics and welfare. They think that the slaughtering age is difficult to understand for most of the consumers and that the labelling reform has not led to better consumer information; even if it has led to less counterfeiting.</td>
</tr>
<tr>
<td>Spain</td>
<td>Ternera is the main bovine product. Veal is mainly found is the traditional production areas and in catering channel.</td>
<td>The main concern of consumer organisation is health related risks in food. Age of slaughtering is not seen as priority information compared to animal welfare, feeding system, maturation period. However, the reform has been positively perceived and the new labelling requirements are posted on the main consumer organisation website.</td>
</tr>
<tr>
<td>Portugal</td>
<td>Veal represents 16% of the Portuguese bovine meat consumption</td>
<td>The consumer organisation defended the requirement to indicate the age of slaughtering in the label of cattle meat even if their usual concern is more related with the micro-biological quality of the meat, its nutritional value and the presence of veterinary products.</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Veal is less than one percent of the meat assortment.</td>
<td>No reaction from the consumer association.</td>
</tr>
<tr>
<td>Poland</td>
<td>Veal is 8% of bovine meat consumption. The absolute level is very low (0.13 kg/head/year)</td>
<td>Consumer organisation does not report problems on the veal market.</td>
</tr>
</tbody>
</table>

Source: field survey
In the two main markets, France and Italy, the labelling reform is not considered as a priority issue by consumer organisations, which are more concerned with food safety, animals feeding and welfare. These organisations also think that the information about age is generally not understood, not relevant or not displayed. These two examples are representative of other Member States, even when the reform is perceived rather positively. Only one consumer organisation in Spain pointed out that the labelling was a pre-requisite for them to educate consumers.

**MAIN FINDINGS IN SUBQUESTION N°4**

**CONSUMERS EXPECTATIONS**

1) Concerning the importance of the veal market, available consumption data show that:

- Veal is a significant part of the bovine meat market in France, Italy, Belgium, Portugal and Germany. It is a marginal product in the Netherlands and Spain.
- In Poland, the bovine meat market as a whole is very small, and the veal market is a small part of the bovine meat market.
- The young cattle market is not identified in Germany, France, the Netherlands, Portugal, Belgium and Poland. Meat from bovines aged between eight and twelve months is assimilated to the beef market. In Italy it is assimilated to the 'vitellone' market, which is also constituted by bovines aged from twelve to twenty-four months. The only real young cattle market is in Spain: 'Ternera' accounts for more than two-thirds of bovine meat consumption.

2) The opinions of the consumer associations we collected through our field survey show that:

- The reform was a reaction to a request from the veal industry to improve the organisation and functioning of the veal and young cattle meat market. The consumer expectations were on other issues (sanitary aspects, origin, etc.).
- Consumers' associations did not express any particular demand for such labelling;
- Most of consumer associations had no opinion about veal labelling; when they did, it was about issues such as health-related risks in food, how animals are fed, animal welfare or quality indicators (tenderness, freshness) and not about the age of the animals.
5.5. Evaluation Judgement

Evaluation question n°1 aims at establishing to what extent the veal and young cattle marketing standards have been adequate to match the current needs of the actors in the beef and veal supply chain and the needs of the consumers as well. To answer the question, several aspects related to the needs of the actors in the supply chain were examined, including:

- Level of activity for integrators and slaughterhouses
- Level of income for breeders
- Level of supply for mass retailers, traditional butchers and secondary processors
- Consumers’ qualitative expectations

1) Level of activity of integrators and slaughterhouses

The situation differs from one Member State to another.

The reform implementation has had an important impact in the Netherlands; the global level of activity reflected by the slaughtered volume has not been affected but the nature of the production has changed. The Dutch industry has developed a new product category, the ‘rosé veal’, grain fed, slaughtered before eight months old, which matches the reform requirements concerning age while limiting the production costs. Thus, the volume of veal (rosé plus traditional milk fed white veal) has increased, while the volume of young cattle has decreased.

In the other Member States the reform implementation has had no significant impact:

- The decline in production in France and Italy was observed before the reform too; this trend has not evolved; it is explained by other reasons, such as a structural decrease in demand and low interest of breeders);
- The Belgian production fluctuated all along the examination period;
- The German production has increased, stimulated by the demand from secondary processors (‘Döner industry’);
- The Spanish production of ‘ternera” (young cattle) have increased due to the shortening of fattening cycles, a consequence of the increase in forage prices;
- No significant evolution linked to the reform has been found in Poland and Portugal.

All these findings are confirmed by the stakeholders, when interviewed during the field survey.

2) Breeders' income

The feed costs represent 60% of the total production costs of veal-calves. The integrators assume the commercial risks of production while breeders assume technical risks.

The feed prices increased during the years following the labelling reform; veal-calf and young cattle production costs have increased proportionally; Newborn calf prices have fluctuated all along the examination period and decreased at the end, but the weight of newborn calves in total production costs is marginal. Veal carcass prices have increased but less than raw material prices.

Based on the Dutch annual analysis of the national FADN data the family labour incomes and the family farm incomes rose from 2010 to 2013. The Dutch case shows that, even if the main costs (feed) rose, the breeders’ incomes were higher in the period following the reform implementation. It shows that the reform has had no negative influence on the breeders’
income even in the Member States that were the most affected by the reform.

3) Level of supply for other actors

The stakeholders' opinions collected through our field survey show that:

- No significant shortages were recorded by mass retailers after the labelling reform;
- The secondary processing industry is significant in three Member States (Germany, France, the Netherlands), in which specific demand for low priced cuts has been satisfied, after the reform, either with white or rosé veal, from animals slaughtered before eight months old;
- Traditional butchers have not recorded any significant changes, as the reform made no obligation to change the nature of the product they sell.

4) Consumers’ expectations

Concerning the importance of the veal market, available consumption data show that:

- Veal represents a significant part of the bovine meat market in France, Italy, Belgium, Portugal and Germany. It has remained a marginal product in the Netherlands and Spain.
- In Poland, the bovine meat market as a whole is very small, and the veal market is a small part of the bovine meat market.
- The young cattle market is not identified in Germany, France, the Netherlands, Portugal, Belgium and Poland. Meat from bovines aged between eight and twelve months is assimilated to the beef market. In Italy, it is assimilated to the ‘vitellone’ market, which is also constituted by bovines aged from twelve to twenty-four months. The only significant young cattle market is in Spain: Ternera accounts for more than two-thirds of the bovine meat consumption.

The consumer associations’ opinions collected through our field survey show that:

- The reform was an answer to a request from the veal industry but consumers’ expectations were on other issues (sanitary aspects, origin, etc.).
- Consumer associations expressed no particular demand concerning the mention of the age of animals on labels;
- Most of the consumer associations did not have any opinion on veal labelling; when they had, it was about issues such as health-related risks in food, how animals are fed, animal welfare or quality indicators (tenderness, freshness) but not about the age of the animals.

The findings above lead us to conclude that the veal and young cattle marketing standards have been adequate to match the current needs of the actors in the beef and veal supply chain.

In most cases, nothing has significantly changed, as the former practices conformed to the reform requirements.

Professional practices have significantly evolved in the Netherlands. Integrators have adapted their production methods and created a new category responding to the reform requirements and to the market constraints.

External factors, especially an increase in raw material prices, have had an important impact on production costs. The consequences are an increase in meat prices and, in Spain, a shortening of fattening cycles of young cattle. Nevertheless, the breeders’ income has evolved positively, as testified by the Dutch case.

Consumer associations had no particular wishes as to the age of slaughtering. Nevertheless, market trends have not changed and the veal and young cattle meat standards have not impacted consumer behaviour.

6. **EQ n°2: To what extent have the veal and young cattle marketing standards contributed to an effective functioning of the internal market in the beef and veal sector?**

In answering this question the evaluators should examine the elements affecting functioning of the internal market, such as:

- Any differences applied between the Member States in implementing the legislation on veal and young cattle meat marketing standards;

- State of play of fair competition in the market with veal and young cattle meat across the Member States;

- Effects on the trade in veal and young cattle meat on the internal market.

**Key terms**

‘Marketing standards for veal and young cattle’ - cf. EQ n°1.

The Regulation has been implemented in order to guarantee an ‘effective functioning of the internal market of bovine meat’. The production systems for bovines aged less than twelve months old and the characteristics at the slaughterhouse stage are indeed different from one Member State to another. A unique sale name was used before the Regulation. In principle these practices may have an impact on internal market exchanges and tend to create an unbalanced or unfair competition between producers, which could destabilise the functioning of the market and create confusion among consumers.

**Understanding the question**

This question aims at analysing the impacts of the implementation of new marketing standards for veal and young cattle meat on the internal market.

The functioning of the internal market will be examined through three types of analysis:

- Application of the Regulation in each Member State through national regulations and practices observed;

- Identification of situations of unfair competition before and after the reform.

- Animals and meat trade within the EU and their evolution during the two periods considered.

Two periods of analysis have to be distinguished: the first period is defined between 2003 and June 30, 2008 before the new Regulation was implemented. The second covers July 2008 until now, post-reform.

**a) Differences in the reform implementation among Member States**

Potential differences in the reform implementation among Member States that could affect the internal market in the EU will be examined. They relate to differences in interpretation which could be introduced by national application texts established in each Member State, and which would reduce the harmonisation effect expected from the reform.

The analysis relies on a comparison of national regulations. Concrete application of the reform will be analyzed through control data: Whether carcasses are effectively labelled V and Z and sales descriptions and slaughtering age are correctly used on labels will be verified in the eight case study Member States.
b) Existence of unfair competition among Member States

A state of fair competition, that is, the absence of distortion of competition among Member States, in the veal and young cattle market, will be analysed. Before the reform, a situation of unfair competition could have occurred, as animals between eight and twelve months old were produced with lower production costs than animals less than eight months old.

The use of one single commercial name for these two kinds of bovines could lead to different market conditions for operators and consumers. The absence of distortion of competition among Member States and the existence of clearer and more transparent information for consumers will be analysed.

From a methodological point of view, the analysis will begin with an identification of any distortions, which are generally reported by professionals or their representatives. Control data will be used to identify possible illegal practices. Consumer organisations’ statements and the conclusions of the focus groups on the clarification of denomination sales will then be presented.

Special attention will be paid to processed products, as the information for these products does not a priori give clear information on differences between the age of animal used.

c) Effects on the veal and young cattle trade

The impact of the reform on the veal and young cattle trade will be analysed through the evolution of exchanges between Member States and the share of exports in the total of the EU production. This analysis relies on statistical data (DG Agri, Comext, professional organisations’ data) and on surveys of integrators and slaughterhouses. Operators’ opinions on the impact of the harmonization of sale denominations on the functioning of the market are also considered.

Judgement criteria and indicators
### Table 30 - Judgement criteria and indicators for EQ n°2

<table>
<thead>
<tr>
<th>Sub-questions</th>
<th>Judgement criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
</table>
| Have differences in the implementation of the Regulation between Member States been observed? | There are (no) significant differences in implementation between Member States       | Comparison of national Regulations in each Member State, in particular with regards to choices on:  
- Competent national authorities  
- Sanctions  
- National adaptations of EU regulation  
Inspections: number of infringements recorded by authorities in charge of control in all activities related to veal and young cattle meat. | Interviews with National authorities  
Interviews with economic operators  
Interviews with control bodies | Limits inherent in qualitative data from interviews |
| Have competition conditions among Member States been improved by the new Regulation? | The reform has allowed to resolve situations of unfair competition                   | Opinion of the economic operators on the existence of unfair competition situations.  
Comparison of market prices.  
Opinion of consumers on the clarification of products’ names. | Interviews with economic operators  
Interviews with national authorities  
Results of focus groups  
Interviews with consumers association | Limits inherent in qualitative data from interviews |
| What has been the impact of the new Regulation on veal and young cattle trade between Member States? | Meat trade has developed and internal market has been reinforced.                    | Evolution of the meat trade: share of exports on total production.  
Level of concentration in the market chain  
Stakeholders perception on trade denominations | DG AGRI  
National statistics  
National professional organisation statistics  
Interviews with integrators and slaughterhouses | Absence of a specific customs code  
Datasets incomplete or unavailable  
Limits inherent in professional estimates |
6.1. Differences in the reform implementation among Member States

6.1.1. Indicator no 1: Comparison of national Regulations across the Member States

This part refers to chapter 1.5 'Implementation of the Regulation on veal and young cattle meat marketing standards in Member States which presents a comparison of the choices made by Member States for the implementation of the reform.

The Regulation on veal and young cattle meat marketing standards is directly applicable in all Member States. It specifies the requirements on carcass classification at slaughterhouse stage, sales descriptions and compulsory information on the label, for bovine animals aged twelve months or less. The Regulation states that ‘all carcases, meat on the bone or boned, and offal, whether or not cut, intended for human consumption, obtained from bovine animals aged twelve months or less, presented fresh, frozen or deep-frozen, whether or not wrapped or packed’ are concerned by these new requirements.

Beyond these requirements, Member States were responsible in particular for:

- Laying down how information on slaughter age and sales descriptions should be indicated on the meat of bovine animals aged twelve months or less presented for sale un-prepacked meat (article 4);
- Designating competent authorities responsible for official checks to verify the application of the Regulation (article 8);
- Laying down rules on penalties (article 10).

With regard to the second point, the table of page 12 (chapter 1.5.2) more specifically presents competent authorities designated in each Member State for the implementation and the control of the Regulation. The following differences can be underlined:

- Only Ministries of Agriculture involved: the Netherlands, Poland and Portugal;
- Ministries of Agriculture and regional authorities both involved: Spain, Germany and Italy;
- Only the Ministry of Economy involved: France;
- Both Ministry of Economy and regional authorities are involved: Belgium.

With regard to national rules on penalties, chapter 1.3.2 gives detailed information on the level and the nature of penalties defined by Member States ranging from simple warning, removal of the meat, fines (from 450 EUR in France to 25,000 EUR in Germany) or imprisonment penalties (up to one year imprisonment in Germany). Importantly, these penalties all concern information requirements under the mandatory labeling and classification of carcasses (and not only those laid down in the veal and young cattle meat marketing standards).

The Regulation could have been translated into national laws. Table n°1 specifies the choices made by Member States with regards to this.

- In two out of eight case study Member States, no specific national legal text has been adopted for the implementation of the Regulation (the Netherlands and Portugal). European regulation is therefore directly applied.
- Other Member States have updated existing legal texts or published specific ones after the entry into force of the Regulation. These national texts take several forms ranging from simple guidelines to official decrees:
  - Guidelines or information note: Belgium and France;
  - Pre-existing law adaptation: Germany and Spain;
  - Official decree: Italy and Poland.
For un-prepacked meat, which could lead to particular national specifications with regard to the presentation of the information on age and sales descriptions, only a few Member States have included specific requirements: Spain, Belgium and France. National texts specify that mandatory information are to be written in a legible way on the meat or near the meat in order to guarantee that the consumer can easily distinguish the information.

In other Member States:

- No specifications for un-pre-packed meat have been introduced in national texts in Germany (there is no reference to un-prepacked meat in the national text), Italy and Poland (un-prepacked meat is in the scope of national texts without particular specifications).
- No national texts of application have been edited in the Netherlands and Portugal.

The analysis has been extended to processed meat (even if it is not in the scope of the Regulation), as secondary processing represents an important market for veal meat in Germany, France and Italy. Most Member States do not have national rules on this aspect (Belgium, the Netherlands, France and Germany). Nevertheless, in these cases, if the term ‘veal’ is used on a prepared dish for example, it necessarily has to refer to animals slaughtered at less than eight months old (and then it is included in the control process). In Italy and Poland, the Regulation applies to processed meat too. In Spain, the official decree on sales names specifies that for minced meat, there is only an obligation to mention ‘bovine meat’ (and not to use the commercial names ‘tendera’ or ‘añjo’).

Table 31 - Synthesis of implementation differences by Member States

<table>
<thead>
<tr>
<th>Country</th>
<th>Existence of a national regulation</th>
<th>Specifications of the presentation of the information for un-pre-packed meat</th>
<th>Application to processed meat</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Belgium</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Germany</td>
<td>Yes - modification of a pre-existing law</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Poland</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Italy</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Spain</td>
<td>Yes - modification of a pre-existing law</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Portugal</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Source: Interviews with national authorities and analysis of national regulations

As a conclusion, this analysis shows that the differences in implementation of the reform are rather limited: only the level of penalties can vary significantly from one Member State to another; and of course it depends on the nature of infringement, especially in case of repeated infringements.

6.1.2. Indicator n°2: Infringements reported by control authorities

The second point of the analysis focuses on the concrete application of the Regulation, that is to say the results of controls carried out by competent authorities. Control data are analysed in detail in evaluation question n°5: results presented below rely on the analysis of non-conformity cases (indicator n°4) given by annual reports provided by Member States.

The control system and reporting on controls implemented in the Member States are not detailed enough to identify specifically the results from the control carried out in the veal and young cattle meat sector. National reports are heterogeneous in terms of detail about the type of meat or food controlled.

The field survey provided us three complementary documents in France, Belgium and Poland. In France and Poland, control reports point to non-compliance cases which are linked to the
absence of information, especially on slaughtering age. A non-conformity rate for veal labelling is only provided by the 2012 Belgian report: it equals to 27% and it is related to non-labelling of slaughtering age.

These data, as well as interviews performed with stakeholders; do not show any differences in the concrete application of the reform between Member States. Infringements mainly concern the absence of information on slaughtering age.

### MAIN FINDINGS IN SUBQUESTION N°1

**REFORM IMPLEMENTATION**

Some Member States have adopted the Regulation into a specific national decree (France, Belgium and Italy) while the others modified a pre-existing law (Spain, Germany). In the Netherlands, Portugal and Poland, no national texts have been published. Different levels of sanctions were defined and competent administrations in charge of implementation and controls could differ from one Member State to another (indicator n°1).

The annual reports transmitted by the Member States' national authorities to the Commission do not provide detailed information. Three documents gathered through our field survey have shown that most of the infringements observed in the veal and young cattle meat sector concern lack of information about slaughtering age (indicator n°2).

### 6.2. Existence of unfair competition among Member States

Unfair competition is defined at EU level under the term ‘unfair commercial practices’ in Directive on Unfair Commercial Practices. This Directive, which was implemented in 2007 in all Member States, aims at clarifying consumers’ rights and simplifying cross-border trade within the EU. As explained in the 8th recital of the Directive, it ‘protects consumer economic interests from unfair business-to-consumer commercial practices’. Thereby, it also indirectly protects legitimate businesses from their competitors which do not play according to the rules in the Directive. Thus, it guarantees fair competition in the fields which are governed by this Directive.

Unfair commercial practices are defined in the Directive as practices generating ‘distortions of competition and obstacles to the smooth functioning of the internal market’. The Directive states that a commercial practice can therefore be considered as being unfair if: ‘it is contrary to the requirements of professional diligence and if it materially distorts of is likely to materially distort the economic behaviour of [...] consumers’.

Before the Regulation on veal and young cattle meat marketing standards, there was no official definition for veal. On the Italian, German, Belgian and French markets the veal denomination (‘carne de vitello’, ‘kalbfleisch’, ‘kalfsvlees’, ‘veau’, ‘viande de veau’) referred to white veal from animals slaughtered at less than eight months old and fed with milk. In the Netherlands, the term ‘veal’ was used for rosé meat, coming from animals older than eight months old fed with cereals. This situation could have been interpreted by operators as a situation of unfair or unbalanced competition, in particular with regard to the secondary processing market, where the colour of the meat cannot be judged by its final consumers.

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6.2.1. Indicator n°3: Economic operators’ opinions on the existence of unfair competition situations

The following table gives the detail of economic operators’ opinions about unfair competition.

Table 32 - Meat operators’ opinions regarding unfair competition before and after the reform

<table>
<thead>
<tr>
<th>Region</th>
<th>Meat operators’ opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>BE</td>
<td>Grain-fed calves from the Netherlands are sometimes perceived as unfair competition, but this was already the case before the reform. According to the type of food, ‘veal’ can be white or rosé meat and this can be confusing. An integrator felt the situation was worse than before because these products now comply with the EU Regulation whereas this was unclear before the reform.</td>
</tr>
<tr>
<td>DE</td>
<td>German stakeholders highlighted the fact that before 2008 the situation was unclear. The situation has partly clarified with the reform. Nevertheless, some operators think that the Dutch denomination for animals more than eight months old as specified in the Regulation can lead to confusion as it still contains the word ‘kalf’.</td>
</tr>
<tr>
<td>ES</td>
<td>Operators do not report any case of unfair competition. But they pointed the fact that feed requirements should be added in the Regulation to have more homogeneous products.</td>
</tr>
<tr>
<td>FR</td>
<td>Rather than unfair competition, what prevailed before 2008 was an unclear situation; there were no unfair trade in a legal sense, as there was no precise definition of veal. So competition was unbalanced between young milk fed veal calves and older grain fed rosé calves. Feed criteria should be added in the Regulation to avoid this confusion. Some stakeholders think that the Dutch denomination of veal over eight months (‘rosé kalveslees’) may lead to confusion as it still includes the word ‘veal’. After 2008, the certified veal ‘Veau de l’Aveyron et du Ségala’ has been made from bovine animals slaughtered before twelve months old.</td>
</tr>
<tr>
<td>IT</td>
<td>The interviewed industry representatives are all in agreement that there was a situation of unfair competition before the introduction of marketing standards for veal because there were different types of veal (white and rosé, the latter being regarded as closer to adult beef) produced under different conditions and therefore different production costs, but all marketed in the same way at the same price as veal. They consider that the introduction of the new regulation eliminated this element of unfair competition.</td>
</tr>
<tr>
<td>NL</td>
<td>Young cattle between eight and twelve months are called rosé veal. This seems to be confusing to other countries where it is explicitly not called veal, but young cattle, to indicate the difference.</td>
</tr>
<tr>
<td>PL</td>
<td>Operators do not report any cases of unfair competition.</td>
</tr>
<tr>
<td>PT</td>
<td>Operators do not report any cases of unfair competition.</td>
</tr>
</tbody>
</table>

Source: Field survey

Before the reform, operators agreed on the fact that the situation was unclear. Nevertheless, this situation had not been generated by unfair or illegal practices by some operators, as no official definition on sales descriptions for white meat (veal) and rosé meat (young cattle) existed at EU level. Choices made by Dutch operators with regard to their production systems are strategic commercial choices, responding to a specific demand (food services and second processing).

The reform clarified and harmonised the definition of veal by a rule on slaughtering age at EU level. Nevertheless, confusion still remains with regard to two particular points:

- The Dutch denomination for animals more than 8 months old still contains the term ‘kalf’ (‘rosé kalfsvlees’);
- There are no requirements on feeding; as a consequence, the term veal still refers to two types of animals coming from two types of production systems which correspond to different levels of production costs and market prices.
6.2.2. Indicator n°4: Comparison of market prices

The available statistical data show that prices for rosé veal aged less than eight months are indeed lower than prices for white veal meat: 3.50 EUR/kg for rosé veal and 4.80 EUR/kg respectively for all types of veal meat in the Netherlands (this last figure reflects mainly white veal meat prices as it accounts for 70% of the Dutch production), which represents a difference of 40%. Belgium and France show the highest prices at 6.32 EUR/kg and 6.23 EUR/kg respectively, with a difference of 80% with the Dutch rosé veal price. The following table shows a comparison of veal meat prices in the different Member States.

<table>
<thead>
<tr>
<th></th>
<th>2012 (EUR/kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BE</td>
<td>6.32</td>
</tr>
<tr>
<td>DE</td>
<td>4.89</td>
</tr>
<tr>
<td>FR</td>
<td>6.23</td>
</tr>
<tr>
<td>IT</td>
<td>4.68</td>
</tr>
<tr>
<td>NL</td>
<td></td>
</tr>
<tr>
<td>Total for veal</td>
<td>4.80</td>
</tr>
<tr>
<td>Rosé veal (&lt; 8 months old)</td>
<td>3.50</td>
</tr>
</tbody>
</table>

Source: DG AGRI and LEI

Nevertheless as already mentioned, this situation cannot be considered as a situation of unfair competition as this type of product fully respects the EU Regulation, this situation being the same both before and after the reform.

Moreover, it has to be noted that rosé veal of less than eight months old only represents 15% of the total Dutch production and is mainly destined to secondary processing or food services. On this particular aspect, secondary processors interviewed stated that Dutch veal is particularly adapted to their activity, as their requirements mainly focus on two aspects: the price of raw materials and the possibility to indicate ‘veal’ on the sales name of their prepared meal. The colour of the meat is not a selection criterion. Before and after the reform, they mainly used the Dutch ‘veal’ (that could possibly refer to animals from eight to twelve months old before reform).

6.2.3. Indicator n° 5: Consumers’ opinion

The analysis is completed by opinions on the clarification of commercial denominations for consumers and retailers. The opinion of the consumer associations interviewed has been analysed in EQ n°1. The main highlight is a lack of interest shown by most of them with regard to the reform. The main concerns of consumer associations are food safety and animal welfare issues and, to a lesser extent, nutritional aspects. Moreover, they consider that the information on slaughtering age is not easy for consumers to understand. These results are consistent with the conclusions of the three focus groups carried out in Germany, Italy and France (see EQ n°6), which pointed out the fact that consumers have very little knowledge regarding calf production practices and are generally not aware of slaughtering age. Moreover, consumers interviewed did not know that a new Regulation on slaughtering age and sales descriptions had been implemented. They did not notice the additional information on meat labels. Their main concerns with regard to meat consumption are related to organoleptic characteristics: colour, tenderness and freshness.
6.3. Effects on the trade in veal and young cattle meat

6.3.1. Indicator n°6: Evolution of the meat trade: share of exports on total production

Statistical data on trade do not permit the precise identification of the ‘young cattle meat’ category. Therefore, the following analysis will only be focused on the veal meat trade. Moreover, production data presented in this chapter correspond to the slaughtering of bovine animals aged less than twelve months, as the veal category has only been recorded since 2008.

As previously explained, the Spanish case is quite specific. Spain has a limited consumption of veal meat and a high level of production of young cattle (‘ternera’) and so cannot be analysed at the same level. The analysis presented below does not take into account the volumes of veal exchanged with Spain.

As illustrated in figure n° 5 (on page 28), which presents the main trade flows among the eight Member States subject to the case studies, the main veal flows involve the exports realised by the Netherlands and Belgium.

These two main veal producers supply the three main veal consuming countries: Italy, France and Germany.
Figure n° 25 shows the share of Dutch and Belgian exports in the global production of the seven Member States. From 2004 to 2012, veal sales fluctuated between 29% and 33.5% of total production.

Before the reform, Dutch and Belgian sales had an increasing trend, rising from 29% of EU production in 2004 to 31.5% in 2008. After the reform, that trend continued and the share of veal exports reached 33.5% of the total production in volume. Thus, the reform did not slow down this development of the internal market.

The development observed on Dutch and Belgian sales can be explained by:

- The decline of production in the consuming Member States (France, Italy, Germany). This decline is the consequence of several concommitant factors: increase of the grain price, high production costs and decline of the consumption of white veal meat.
- The development of Dutch ´rosé veal´ exports for food services and secondary processing activities.

6.3.2. Indicator n°7: Level of concentration in the market chain

The analysis on the veal trade evolution can be completed with a qualitative aspect: the high level of concentration of the sector in the EU and the constitution of intra-European companies.

In the Netherlands, integrators and slaughterhouses are combined. The three main companies control more than 90% of domestic integration and/or slaughtering and almost 30% of the European market. The share of Belgium in the European market is below the Dutch one but the level of concentration is the same. This evolution shows that the veal market is becoming more unified at EU level.

6.3.3. Indicator n°8: Stakeholders perception on trade denominations

The table below summarises the opinions of economic actors interviewed during the survey.

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31 Case studies have been carried out in eight Member States. Spain is excluded from this analysis.
32 As explained before, 2012 was a ´special year´ with a global crisis in the sector. This can explain the decline shown in the figure.
### Table 34 – Stakeholders perception of commercial denominations

<table>
<thead>
<tr>
<th>Country</th>
<th>Global perception</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>NL</td>
<td>Positive</td>
<td>The Dutch respondents are quite satisfied with the reform. Dutch actors judge the shift towards the age criterion as positive.</td>
</tr>
<tr>
<td>FR</td>
<td>Positive</td>
<td>Most stakeholders agree on the fact that new commercial names have clarified the market situation but have not had a significant impact on the French veal market. However, some of them think that the term ‘veal’ still includes two different types of meat: ‘white meat’ from veal aged up to six months and ‘rosé meat’ from veal aged six to eight months. Some other stakeholders regret that the names of animals aged over eight months are different from one Member State to another. A difference, which could lead to misunderstanding, especially with the Dutch term ‘rosé kalfsvlees’.</td>
</tr>
<tr>
<td>IT</td>
<td>Positive</td>
<td>All interviewees agree that the reform had a positive impact on the market. The eight month limit had a positive impact on the processing industry in obtaining a product with the desired characteristics. However, the Italian sector has not been significantly impacted. As in France, Italian professionals recognise there is still confusion about commercial names due to the adoption of different terms in each Member State.</td>
</tr>
<tr>
<td>DE</td>
<td>Positive</td>
<td>Generally, professionals are satisfied with the commercial names. However, some pointed out the difficulties regarding the Dutch denomination choice, especially for young cattle meat which is ‘rosé kalfsvlees’ or ‘rosé veal’ in English. For them, the ‘veal’ denomination should be only used for the meat of animals aged up of eight months. A lot of commercial transactions occur between Germany and the Netherlands and the intuitive translation for ‘rosé kalfsvlees’ is ‘rosé kalbfleisch’ in German or ‘rosé veal’ in English, which may lead to confusion for consumers.</td>
</tr>
<tr>
<td>BE</td>
<td>Positive</td>
<td>For Belgian professionals, the Regulation provided clarification on the designation ‘veal’. Moreover, the different names in each Member State have not been reported as an issue, the identification with letters V and Z is considered sufficient.</td>
</tr>
<tr>
<td>ES</td>
<td>Negative/Positive</td>
<td>Professional organisations consider this Regulation as not well adapted to the Spanish production with regard to the young cattle category. Indeed, farms operated fattening cycles going from ten to fourteen months, which produces meat, known as ‘ternera’, with very similar characteristics to veal. The implementation of the reform created a quite artificial distinction and most operators have judged the modification of slaughtering age from twelve to fourteen months as not being adapted to the situation in Spain. At retail stage, the reform is judged as being rather positive as it gives more information to consumers.</td>
</tr>
<tr>
<td>PL</td>
<td>-</td>
<td>The import of veal can be considered as negligible. The problems of commercial names do not concern the Polish market.</td>
</tr>
<tr>
<td>PT</td>
<td>Positive</td>
<td>According to national authorities, the marketing specifications ‘vitela’ and ‘vitelão’ were already used with different age specifications. Moreover, consumers benefited from greater transparency and assurance of additional information for a more informed choice. But no specific impact on the internal market has been reported.</td>
</tr>
</tbody>
</table>

Source: AND survey

This table shows that, except for Spain, all stakeholders have a positive perception of the reform. Even if the market has not been significantly impacted, they all agree that the reform has contributed to greater transparency in their business relations and so, tended to improve the functioning of the internal market. Nevertheless and as already mentioned, stakeholders pointed out that the Dutch denomination for young cattle meat is still confusing, as it still contains the term ‘veal’.
**MAIN FINDINGS IN SUBQUESTION N°3**

**IMPACTS ON TRADE BETWEEN MEMBER STATES**

Regarding the evolution of trade in veal meat over the analysed period, the following conclusions can be drawn:

- Veal trade is significant as it represents almost one third of the European production (indicator n°6). Intracommunity exports were increasing before the reform. This trend has remained since then (indicator n°6).

- The sector is highly concentrated with few operators managing the activity at an international level (indicator n°7).

The implementation of new denominations did not slow down the development of the internal market. For the main stakeholders of the sector, the reform brought more homogeneity and transparency concerning their business. All the stakeholders interviewed (except in Spain) agree that the reform helped their business as it provided clarification to their products’ definition (indicator n°8).
6.4. **Evaluation Judgement**

Evaluation question n°2 aims at analysing to what extent the veal and young cattle marketing standards have contributed to an effective functioning of the internal market in the beef and veal sector.

The following elements that can affect the functioning of the internal market have been examined:

- The existence of differences between the Member States in implementing the legislation on veal and young cattle meat marketing standards;
- The state of play of fair competition in the market across the Member States;
- The effects on the trade on the internal market.

1) **Differences between the Member States in implementing the reform**

Some Member States adopted the Regulation into a specific national decree (France, Belgium and Italy) while the others modified a pre-existing law (Spain, Germany). In the Netherlands, Portugal and Poland, no national texts have been published. Moreover, different levels of sanctions were defined and competent administrations in charge of implementation and controls could differ from one Member State to another.

These national adaptations did not lead to major differences in the practical application of the reform. In all Member States, infringements mainly concerned the absence of one type of information on the label at retail stage – often the information on the age of the animals.

2) **State of play of fair competition**

Operators agree on the fact that before the implementation of the reform, the situation was unclear; nevertheless, it could not be qualified as unfair competition, as no official definition of veal existed. The reform and the definition of slaughtering age for each of the sales descriptions led to a clarification of this situation.

Nevertheless, some stakeholders point out that the new denominations can still be confusing concerning the following situations:

- The Dutch denomination for animals more than eight months old still contains the word ‘kalf’ (‘rosé kalfsvlees’);
- There are no requirements on feeding; as a consequence, the term veal still refers to two types of animals (fed with milk and fed with cereals), with different levels of production costs. Nevertheless, the production of ‘rosé veal’ of less than eight months old responds to a specific demand and is fully in line with EU regulation.

The control systems and reporting implemented in the Member States are not detailed enough to identify specifically the results from the controls carried out in the veal and young cattle meat sector.

3) **Perception of the clarification of sales names by consumers**

- Consumer associations were not aware or interested by the reform, as their main concerns are food safety and animal welfare issues. Moreover, they consider that the information on slaughtering age is not easy for consumers to understand as they generally have a very little knowledge of calf’ production practices and are not aware of the age at which calves are slaughtered.
- Focus group results show that consumers did not notice the additional information on meat labels and that their main concerns are related to the colour, tenderness and freshness of the meat.
4) Characteristics of the trade in veal meat over the period analysed

- The internal trade observed before 2008 has increased to reach one third of European production in 2012.
- This finding is strengthened by the fact that the sector is highly concentrated with only few operators managing the activity at an international level.

The reform did not have a direct impact on the increase of internal trade of veal as it was already underway before its implementation. Nevertheless, all the stakeholders (except in Spain where veal production is low) agree on the fact that the reform brought more homogeneity and transparency to their business and improved the functioning of the veal market.

It can therefore be concluded from the findings presented above that the veal and young cattle marketing standards contributed to a more effective functioning of the internal market in the beef and veal sector.
EQ n° 3: To what extent have the veal and young cattle meat marketing standards affected the production in terms of:

- Number of bovine animals less than twelve months old?
- Price of bovine animals less than twelve months old?
- Quantity of veal and young cattle meat production?
- Price of veal and young cattle meat?

Definition of key-terms

‘Marketing standards’: cf. EQ n°1.

‘Veal and young cattle’: cf. EQ n°1.

‘Number of bovine animals less than twelve months old’: Before the implementation of the reform, ‘veal’ was understood as being a bovine aged twelve months or less. In 2008, “veal” was redefined as animals aged 8 months or less and ‘young cattle’ as animals between eight and twelve months.

‘Price of bovine animals less than twelve months old’: Prices of newborn calves before breeding, of calves to be slaughtered, and of young cattle to be slaughtered.

‘Quantity of veal and young cattle meat production’: ‘Quantity’ refers to the volume slaughtered (in CWE: Carcass Weight Equivalent). ‘Veal’ is the term used for the meat from animals slaughtered before eight months, whereas ‘Young cattle meat’ is that for the meat from animals slaughtered between eight and twelve months.

‘Price of veal and young cattle meat’: Prices of veal carcasses; of young cattle carcasses; and of the meat (after processing) from the two categories; retail prices of veal meat.

Understanding the question

The aim is to assess the impact of the new marketing standards implemented in 2008 in the bovine sector, that is to say the new distinction between the meat from animals slaughtered before eight months (identified as “veal”) and the meat from animals between eight and twelve months (identified as “young cattle”).

The period to be analysed goes from 2003 to 2012. First of all, to answer the question, one has to distinguish clearly between two different periods within the examination period: the pre-reform period (2003/2007) and the post-period reform (2008/2012). During the first period, the veal category used to refer to animals less than twelve months old, whereas nowadays, ‘veal’ only qualifies the animals aged less than eight months.

In order to gain greater precision, we can therefore reformulate the question through the following sub-questions:

1) To what extent has the implementation of the Regulation resulted in changes in the structuring and specialisation of the veal supply chain in the Member States targeted in the evaluation?

2) To what extent has the activity of the operators (integrators, slaughterhouses, processors, and wholesalers) changed after the implementation of the Regulation?

3) To what extent have the European downstream markets changed since the implementation of the Regulation?

First, the analysis will identify the dynamic evolution in veal production in the EU, at farm level. We will also analyse the changes in the volumes produced (animals and meat) and the share of veal and young cattle meat in the purchase of the operators concerned.

We will then analyse the organisation of the European markets in terms of:

- Trade: trends in imports and exports of newborn calves, trade of veal and young cattle meat.
- Prices: evolution of the price of newborn calves, impact of the price of milk, prices of veal and young cattle meat at retail level.
- Consumption: consumption of veal, characterisation of the demand (consumers’ profiles), areas of consumption.
Furthermore, external factors will be taken into account in the analysis and conclusions as they should potentially affect the entire beef industry. We will also analyse the world beef demand and consumption during the evaluation period, taking factors such as health crises, milk and cereal prices into account.

The evolution and interaction of all these indicators will allow us to specify the issues and propose a final assessment of the organisation of the European markets. The aims are to determine to what extent the new labelling rules have changed the situation of the farmers and industrial actors in terms of:

- decrease or increase in the activity;
- segmentation of the offer;
- matching of supply and demand;
- satisfaction of the consumer.

**Judgement criteria and indicators:**

Table 35 on the next page presents the criteria for judgement and the corresponding indicators. The last two columns detail the sources and their limits.
### Table 35 - Judgement criteria and indicators for EQ n°3

<table>
<thead>
<tr>
<th>Sub-question</th>
<th>Judgement criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>How is the veal market chain structured in the targeted Member States? What are the main impacts?</td>
<td>Member States have increased their levels of specialisation or have reoriented their production. Level of dependence of the veal market from the dairy herds. Price of veal calves &lt; eight months and young cattle increased after the reform.</td>
<td>1) Evolution of the number of animals in each Member State 2) Level of dependence with the dairy herd 3) Price of bovine animals &lt; twelve months and &lt; eight months.</td>
<td>Eurostats, national statistics, DG-Agri, survey (operators and national authorities).</td>
<td>Data sets incomplete or unavailable. Imprecise data collected through interviews</td>
</tr>
<tr>
<td>How is the operators’ activity (integrators, slaughterhouses, processors) evolving?</td>
<td>Operators have adapted by modifying production (shortened fattening) and retaining the names or by changing names and keeping the fattening period. Operators have maintained their activity.</td>
<td>1) Integrators’ activity evolution 2) Slaughtering of veal calves and young cattle 3) Comparison of feed prices, veal prices and activity level.</td>
<td>Field survey (integrators) Eurostat, PVE, LEI</td>
<td>No detailed slaughtering data before 2008 except in the Netherlands.</td>
</tr>
<tr>
<td>How are the downstream European markets evolving?</td>
<td>Since the reform, the price of veal meat has increased when the price of young cattle meat remained stable. The consumption has remained stable, new consumption basins have emerged. Adequacy of the reform with the demand</td>
<td>4) Evolution of the price of the 8-day-old veal. Evolution of the veal and young cattle meat prices. 5) Evolution of the veal consumption in the different Member States. Consumers’ expectations</td>
<td>National Statistics Consumer panels Consumer focus groups Interviews of the main actors.</td>
<td>Data sets incomplete or unavailable. Homogeneity of the consumer panels available; Representativeness of the consumers interviewed; Imprecision of the qualitative data collected through interviews.</td>
</tr>
</tbody>
</table>

33 This subquestion has already been analysed in EQ n°1.
7.1. Structuration of the veal market chains in the targeted Member States

7.1.1. Indicator n°1: Evolution of the number of bovine animals less than twelve months old, in each Member State

In the bovine farming sector, the number of bovine animals aged less than one year depends on the number of cows. Each cow bears a newborn calf a year. Thus, taking infertility and mortality into account experts consider that 100 cows bear 90 calves alive. A various part of the female animals are bred to replace old dairy or suckler cows. The other part of the female bovines and almost all of the male bovines are bred to produce meat. Depending on the age of slaughter the latter will produce veal (< eight months), young cattle meat (eight to twelve months) or beef (> twelve months).

The table below compares the 2003-2007 and 2008-2012 averages for the following available series:

- number of bovines aged less one year (alive),
- share of the bovines aged less than one year in the bovine population,
- share of the bovines aged less than one year for slaughter within the less-than-one-year population,
- share of the bovines slaughtered before one year in the total bovine animals slaughtered (in heads)

Table 36 – Evolution of bovine animals < twelve months old

<table>
<thead>
<tr>
<th>1 - Number of bovine animals aged less than twelve months</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 heads</td>
</tr>
<tr>
<td>Ave. 2003-2007</td>
</tr>
<tr>
<td>Ave. 2008-2012</td>
</tr>
<tr>
<td>Evolution</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2 - Share of the bovines &lt; twelve months old in the bovine livestock</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 heads</td>
</tr>
<tr>
<td>Ave. 2003-2007</td>
</tr>
<tr>
<td>Ave. 2008-2012</td>
</tr>
<tr>
<td>Evolution</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 - Share of animals for slaughtering in the bovine population aged less than twelve months</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 heads</td>
</tr>
<tr>
<td>Ave. 2003-2007</td>
</tr>
<tr>
<td>Ave. 2008-2012</td>
</tr>
<tr>
<td>Evolution</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4 -Share of the bovines &lt; twelve months old in bovine slaughtering</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 heads</td>
</tr>
<tr>
<td>Ave. 2003-2007</td>
</tr>
<tr>
<td>Ave. 2008-2012</td>
</tr>
<tr>
<td>Evolution</td>
</tr>
</tbody>
</table>

Source: Eurostat. (Appro mt Isctl)

Changes between the periods before and after the reform are very limited. At EU-27 level, the number of bovines aged less than twelve months is stable (-0.4%), the share of bovines aged less than twelve months in the bovine livestock has slightly increased (+1%), the share of bovines aged less twelve months to be slaughtered has increased by 1% and the share of these animals in the total slaughtered bovines by 2%.
We can focus on the main changes (highlighted in the table above):

- A 24% increase in the share of bovines aged less than twelve months in the bovine slaughtering, in Spain. This change is mainly due to a surge in fodder prices that led Spanish breeders to reduce the fattening cycles;
- A 3% increase in the share of bovines aged less than twelve months in the total bovine population in France. This is due to an increase in the number of bovines aged less than twelve months 'not for slaughter', and to the rise in the number of suckler cows in France;
- A 3% increase in the share of bovines aged less than twelve months in bovine slaughtering in the Netherlands. This is a consequence of the increase in the slaughtering of cattle between 2009 and 2011 due to market demand;
- A 3% increase in the share of bovines aged less than twelve months to be slaughtered out of the total of bovines aged less than twelve months in Italy and Portugal. In Italy, this evolution is due to a significant reduction in bovines aged less than twelve months not to be slaughtered; in Portugal, one can see an increase in the veal-calves population in 2011 and 2012 (it is important to remember that the Portuguese veal-calves production is rather limited and, consequently this slight evolution is not significant).

Thus, we can conclude that, except in Spain, we have not found any significant changes in the number of bovine animals aged less than twelve months.

**7.1.2. Indicator no 2: Level of dependence of the veal market on the dairy herd**

The veal industry has always operated from by-products of the dairy sector.

If we consider a dairy herd of 100 cows, we know that we have 90 newborn calves every year. Half of them are males, and half are females. Over these 45 females:

- One part will be used for livestock turnover. If we consider that the turnover rate of a dairy herd is 25%, it means that 11 of these females will be used for the replacement of the livestock.
- The other part (34 females), as well as the 45 males, will be fattened for the veal and beef production.

In total, with a dairy herd of 100 cows, the potential of newborn calves for veal and beef production is 79 animals per year. The proportion is therefore 79%.

In Europe, there were 23 million dairy cows in 2012. Consequently, there are 18 million animals potentially available each year to supply the veal and young cattle meat market. Yet, in Europe, the slaughtering of bovines aged less than one year represented 6.4 million animals only.

These figures show that the veal and young cattle meat supply is not determined by the dairy herd evolution as the veal and young cattle industry only uses a third of the animals produced by the dairy herd. It would be easy to raise the veal and young cattle production from dairy calves, but as we have seen in EQ no 1, limitations come from the final demand for veal meat.

Furthermore, the demand for veal cannot influence and encourage any increase in the number of cows; not only farmers do not have cows only to produce calves, but, again, the calving of a calf is required to trigger the production of milk.

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34 DG AGRI – Unit C3
35 Source: Eurostat
In fact, in dairy farming, the revenue coming from the sale of newborn calves is marginal compared to milk revenue. On average, the revenue from newborn calves is less than 5% of the total yearly revenue from a dairy cow\(^{36}\).

We can conclude that:

- the dairy herd evolution does not impact the veal and young cattle meat market as the potential of calves issued from the dairy herd is three times higher than the number of calves used by the veal industry;
- the demand for veal and young cattle meat cannot impact the dairy cow population as the earnings from newborn calves are marginal for dairy farmers.

### 7.1.3. Indicator n°3: Price analysis of bovine animals < twelve months old

Newborn calf prices and veal carcass prices\(^{37}\) are presented in tables 24 and 25 in EQ n°1 (page 72). As already analysed in the external factors chapter (n° 3.1.1) and in the first EQ:

- The prices have evolved alongside raw material prices: grain prices for rosé calf feed and milk prices for white calf feed. The evolution along the period shows that price volatility actually begun in 2007, one year before the reform.
- Newborn calf prices have fluctuated all along the examination period and decreased at the end, but the importance of newborn calf cost in total production costs ranks second (22% in the French case) as feeding costs are much higher (61% in the French case)\(^{38}\).
- Veal carcass prices have increased but less than raw material prices.

Figure n°24 presented in Indicator n°3 of EQ n°1 (page 68) shows a comparison between feed prices, wholesale prices, retail prices and quantities slaughtered. According to this comparison, the evolution trends between slaughtering prices and feed prices are similar over the period. In the light of the analysis, one can conclude that the labelling reform has had no influence on veal prices.

Furthermore, according to the first EQ, the main evolution observed in the integrators’ activity is the development of a new product category in the Netherlands: rosé veal, grain-bred, less than eight months old.

As illustrated in the table below, production costs are higher for rosé calves slaughtered before eight months than rosé calves slaughtered after eight months (price difference of appr. 0.20 EUR / kg). This new veal category, which has developed since the reform, is a bit more expensive to produce.

| Table 37 - Calf prices 2003-2013 in the Netherlands (farm level producer price, EUR/kg slaughter weight) |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Rosé calves < 8 months | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Rosé calves > 8 months (young cattle) | 2.35 | 2.30 | 2.60 | 2.90 | 2.55 | 2.70 | 2.65 | 2.80 | 3.25 | 3.30 | 3.20 |

Source: LEI

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\(^{36}\) According to the European Commission (Prospects for Agricultural Markets in Income in the EU 2013-2023 - European Commission, December 2013), the 2013 milk production is estimated at 148.9 million tonnes in Europe, close to 2012 level. With 23 million dairy cows in 2013, the European average yield is 6.478 kg / cow / year. The average milk price for year 2013 was 34 EUR / 100l (Milk market situation [European Commission, April 2014]), consequently, one dairy cow allows to earn around 2,203 EUR per year. Newborn calf price was 2.33 EUR / kg (live weight) in 2013 (European Commission - DG-AGRI Unit C3). For a 45 kg newborn calf, a breeder can earn 105 EUR. Therefore, calf revenue is only 4.5% of the total average revenue from a dairy cow.

\(^{37}\) At slaughterhouse gate

\(^{38}\) See table n°22, EQ n°1 (page 70).
Production costs are higher for milk-fed calves than for grain-fed calves because feed price represents around 61% of the production cost and milk is much more expensive than grain (cf. table 23, indicator n°5 of EQ n°1).

This new rosé veal category developed in the Netherlands is less expensive than ‘white’ veal, but is still a bit more expensive than rosé calf slaughtered after eight months.

**MAIN FINDINGS IN SUBQUESTION N°1**

**STRUCTURATION OF THE VEAL MARKET CHAINS**

**Indicator n°1** analysed the evolution of the number of bovine animals less than twelve months old, in each case study Member State. It shows that the changes between the periods before and after the reform are very limited at EU-27 level.

The main changes observed are the following:

- A 24% increase in the share of bovines aged less than twelve months in bovine slaughtering in Spain, mainly due to higher fodder prices that led Spanish breeders to reduce the fattening cycles.

- A 3% increase in the share of bovines aged less than twelve months in the total bovine population in France. This is a consequence of the rise in the number of suckler cows which resulted in an increase in bovines aged less than twelve months not to be slaughtered.

- A 3% increase in the share of bovines aged less than twelve months to be slaughtered in the total of bovines less than twelve months in both Italy and Portugal. In both cases, these changes are not significant.

- A 3% increase in the share of bovine animals aged less than twelve months in bovine slaughtering in the Netherlands, explained by the increase in veal and young cattle slaughtering.

Except in Spain, these changes are insignificant.

**Indicator n°2** shows that the evolution of dairy herd has not impacted the veal and young cattle meat market as the potential of calves issued from the dairy herd is three times higher than the number of calves used by the veal industry.

Furthermore, the demand for veal and young cattle meat cannot impact the population of dairy cows as the earnings from newborn calves are marginal for dairy farmers.

Finally, **indicator n° 3** analyses the prices of bovine animals aged less than twelve months and shows that:

- Prices have evolved along with raw material prices;
- Newborn calf prices have fluctuated along the period and decreased at the end but their small weight in total production costs has limited their influence in the value chain.
- Veal carcass prices have increased, but less than raw material prices.

On the basis of these observations it appears that the main driver of the prices of bovine animals aged less than twelve months is raw material prices. This is also in line with the opinions collected through the interviews of the stakeholders.

To conclude, the reform has had no real impact on the prices of bovine animals aged less than twelve months, except, marginally, on the average price of Dutch rosé calves: the ‘new’ rosé calf category (grain-fed) is cheaper than white calves (milk-fed), but a bit more expensive than rosé calves slaughtered after eight months.
7.2. Evolution of the operators’ activity (integrators, slaughterhouses, processors)

This sub-question draws from the findings of EQ n°1 (Level of activity of integrators and slaughterhouses, page 63).

The main findings of this analysis were that:

- the main changes occurred in the Netherlands, where integrators have developed a new product category (rosé veal: grained fed, slaughtered before eight months) as a compromise between the new rules and the market demand for low priced veal.

- In Spain, most breeders have shortened the production cycles for ‘terneras’ (ten to twelve months instead of ten to fourteen months), According to the stakeholders’ interviews, this change is due to higher fodder prices rather than the marketing standards reform, even if it happened at the very same time.

- In other analysed Members States, we have not noticed any important changes and no impact of the reform: the veal market was declining before and since the reform in Italy and France and has been declining since then (low breeders’ incomes in Italy, lower market demand in France); in Belgium, veal production has been fluctuating all along the examination period; in Germany, we have noticed a slight development of both market and production. In Poland and Portugal we have not noticed any impact of the reform.

7.3. Evolution of the downstream European markets

7.3.1. Indicator n°4: analysis of the prices of veal and young cattle meat

Available prices of veal and young cattle meat are the following:

- carcass prices in Belgium, Germany, France, Italy and the Netherlands;
- retail prices in France and Belgium;
- price of ternera in Spain from the Spanish Ministry of Economy;

The detailed data of these prices are presented in EQ n°1, indicator n°5. This indicator shows that the prices of veal carcasses did not evolved much over the evaluation period, except in Belgium where prices rose especially in 2011 and 2012. As carcass prices did not rise to the same extent as feed prices, stakeholders must have increased their productivity or accepted smaller margins and profits.

The figure below shows the evolution of veal carcass prices and veal retail prices in France, Belgium and the Netherlands (carcass prices only).

As shown previously (cf. figure 24 of EQ n°1), raw material prices play a central role in influencing veal and young cattle meat production and prices. In 2008, feed prices were all down after a peak and demand for veal also slowed down due to higher retail prices: it explains the slump in carcass prices in 2008, in particular in France and in the Netherlands.
According to the figure n°26 above:

- Carcass prices have fluctuated in France and in the Netherlands (we saw in EQ n°1 that the average prices, by five-year period, before and after the reform, did not change much). Also, carcass prices have risen in Belgium.
- Retail prices rose constantly between 2003 and 2012, even when carcass prices went down, following raw materials; in Belgium the retail prices curve is very close to the carcass prices curve. In France, the curve of the retail prices’ shows that retailers seem to have risen their margin.

In the light of this analysis, we can see that there is no obvious correlation between the evolution of veal carcass prices and retail prices.

### Table 38 – Retail prices of Ternera (EUR / kg)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carcass prices</td>
<td>3.19</td>
<td>3.11</td>
<td>3.26</td>
<td>3.2</td>
<td>3.5</td>
<td>3.8</td>
<td>nd</td>
<td>19%</td>
</tr>
<tr>
<td>Retail prices</td>
<td>14.3</td>
<td>15.1</td>
<td>15.4</td>
<td>16.0</td>
<td>15.8</td>
<td>16.8</td>
<td>17.6</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: DG AGRI (Unit C3 Animal products) - Spanish Ministry of Economy (retail prices)

In Spain, retail prices of ‘ternera’ followed the fluctuations of carcass prices. Prices were on an increasing trend over the period 2007-2012: +17% for retail prices and +19% for carcass prices. On the basis of these data, we cannot conclude on the impact of the reform of veal and young cattle meat marketing standards on the price fluctuation as data on retail prices before 2007 (before the reform) are not available.

Nevertheless, according to the stakeholders interviewed during the field survey, prices were already on the increase before the reform implementation. Stakeholders stated that this evolution is not linked to the reform of the marketing standards, but is due to the rise in feed prices and production costs.

Although these evolutions of the prices of veal and young cattle meat seem to be the result of external factors, there is no clear evidence that any of these evolutions has a link with the reform of veal and young cattle meat marketing standards.
7.3.2. Indicator n°5: Consumption analysis

Chart n°3 in the introductory chapter (paragraph 2.3 page 23) shows the veal consumption estimates in the main Member States. Indeed, most of the time, veal consumption has to be estimated as, more often than not, it is included in the bovine meat consumption.

This analysis shows:

- In Spain, Portugal and Belgium, imports are low. Their consumption is close to their production;
- The main domestic markets are the French, Italian and German ones:
  - The French and Italian markets, characterised by traditional consumption habits (white veal), declined (with -19% and -17% respectively between 2003 and 2009);
  - The German market is growing thanks to domestic production and imports from the Netherlands and Belgium.

According to available statistical data (see table n°39 below), the consumption of veal has been on a decreasing trend since 2003 in France and Italy. On the other hand, in Germany, consumption has been increasing (+ 37% since 2003).

As these trends were already in place before 2008, we can exclude an impact of the reform on the veal and young cattle meat consumption.

| Table 39 – Estimated consumption of veal from the EU (1000 cwe) |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|             | 2003  | 2004  | 2005  | 2006  | 2007  | 2008* | 2009* | 2010* | 2011* | 2012e* |
| FR          | 291   | 287   | 292   | 285   | 269   | 257   | 251   | 254   | 248   | 235    |
| IT          | 220   | 224   | 231   | 224   | 214   | 208   | 192   | 193   | 183   | 183    |
| DE          | 76    | 77    | 74    | 71    | 73    | 75    | 78    | 91    | 95    | 104    |

* Consumption of veal from animals aged less than 8 months
  e: estimation

Source: GEB – Institut de l’Elevage, d’après Eurostat, PVE

Information gathered through consumer focus groups and consumer associations show that consumers had no specific expectations regarding this reform. They are more concerned by sanitary aspects, price, quality indicators and the origin of the meat than by the age of the animal.
### MAIN FINDINGS IN SUBQUESTION N°3

#### EVOLUTION OF THE DOWNSTREAM EUROPEAN MARKETS

**Indicator n°4** analysed the veal and young cattle meat prices. This analysis is limited by the lack of price data across the case study Member States. However, the evolution of the carcass prices in Belgium, France and the Netherlands and the retail prices in Belgium and France tends to show that the actual drivers of carcass prices are feed prices. It appears that the reform on veal and young cattle meat marketing standards has not affected the prices of veal and young cattle meat. We cannot conclude about the 'temera' case in Spain because there are no data before 2008.

**Indicator n°5** on consumption is also limited by little available data: data on veal consumption only exist in France, Italy and Germany (which are the main markets) and show a decreasing trend in France and Italy (-19% and -17% respectively between 2003 and 2009); and an increasing trend in Germany (+37% over the same period).

Two main reasons can exclude a possible influence of the reform on the veal consumption:

- The trends observed in France, Italy and Germany started before the reform (in 2003) with no specific change since its implementation (in 2008);
- Focus groups show that consumers have no specific expectations regarding the reform on veal and young cattle meat marketing standards.
7.4. **Evaluation judgement**

Evaluation question n°3 aims at analysing to what extent the veal and young cattle marketing standards have affected the production in terms of:

- Number and price of bovine animals aged less than twelve months;
- Quantity and price of veal and young cattle meat.

1) **Number and prices of bovine animals aged less than twelve months**

- **Number**

As the number of bovine aged less than twelve months depends on the number of all bovines animals and especially the number of cows, we have analysed the changes in the share of bovine animals aged less than twelve months in the total bovine herd, by comparing figures in the period before (2003-2007) and after (2008-2012) the reform.

The first finding is that the number of bovine animals aged less than twelve months has not changed significantly at EU-27 level, and that the share of this kind of animals in the total bovine herd has increased by only 1%, which is not significant.

It should also be noted that the share of bovine animals aged less than twelve months in bovine slaughtering has changed significantly in Spain (+24% on average between the two five-year periods before and after the reform), where breeders have shortened the fattening cycle, in order to minimize the impact of the increase in fodder prices. We saw in EQ n°1 that this evolution was not related to the implementation of the Regulation as stated by National Authorities and professional associations' representatives.

In France and in the Netherlands, the share of bovine animals aged less than twelve months has increased by 3%. In France this is due to an increase in the number of calves that are not to be slaughtered before twelve months old. In the Netherlands, this is due to the development of the veal and young cattle meat industry between 2008 and 2012.

We can therefore say that the Regulation has not impacted the number of bovine animals aged less than twelve months.

- **Prices**

We have also shown that the dairy herd has not been impacted by the veal industry evolution; indeed the veal industry only uses one third of the calves born from dairy cows.

Furthermore, the sales of newborn calves account for only 5% of the revenue got from dairy cows.

We can therefore say that the number of dairy cows has not been significantly impacted by the Regulation.

We saw in evaluation question n°1 that carcass prices have raised alongside with raw material prices.

Complementary analyses based on veal-calf price paid to Dutch farmers show that the price of new 'pink' veal category introduced in the Netherlands after the reform is from 6% to 7% higher than the price of the twelve-month-old calves.

We can therefore conclude that the reform has had no real impact on the prices of bovine animals aged less than twelve months except, marginally, on the average price of Dutch rosé calves.
2) Price and quantity of veal and young cattle meat

- Prices

The findings of EQ nº1 showed that the **main drivers in carcass costs are raw material prices**.

The analysis was limited by the lack of price data across the case study Member States. However, the evolution of the carcass prices in Belgium, Germany, France, Italy and the Netherlands tends to show that the actual drivers of carcass prices are feed prices. It appears that **the reform of veal and young cattle meat marketing standards has not affected the carcass prices of veal and young cattle meat**. We cannot conclude about the ‘ternera’ case in Spain because there are no price data before 2007.

The retail prices in Belgium and France rose constantly between 2003 and 2012, even when carcass prices went down. Based on this analysis, we can conclude that **there is no obvious correlation between the evolution of veal carcass prices and retail prices**.

- Quantities

EQ nº1 concluded that slaughtering levels have not been influenced by the reform in the case study Member States. There has been a qualitative change in the Netherlands caused by the reform (new product category ‘rosé veal’), however the overall slaughtered quantities were not affected. In Spain, more bovine animals aged less than one year has been slaughtered, this development seems to be not related to the reform but by the increase in fodder prices. For the the remaining case study Member States the pre-reform trends have not changed significantly.

Based on available data we have examined the evolution of veal consumption in France, Italy and Germany. The result is that the previous trends have not changed.

We can therefore conclude that the Regulation has had no impact on the quantity of veal and young cattle meat produced in the eight studied Member States.
8. **EQ n°4: To what extent have the veal and young cattle meat marketing standards affected the distribution of value added along the veal supply chain?**

The key terms are:

- Supply chain;
- The value chain;
- Added-value;
- Distribution;

The **supply chain** covers all the economic operators who contribute to the production of a specific range of products. The veal and young cattle meat supply chain consists of farmers, integrators, slaughterhouses, processors and retailers.

The **value chain** deals with the added-value at each stage of the supply chain. It can be described through costs, margins and prices analyses. In this context, price equals the sum of costs and margins.

The extent to which **distribution** of added value has been affected is the core question. The establishment of marketing standards may have changed the fundamentals of the market, based on the different adaptation strategies implemented by stakeholders (the same product with a different name or a different product with the same name). It may have changed the quantities produced and so changed prices, production choices and costs. Thus, after the implementation of the reform, industry stakeholders at different stages of the supply chain may have either suffered or benefitted from those changes in prices or costs.

**Reformulation of the question**

- Has the implementation of marketing standards changed production costs for farmers? In particular, how did the factors of production costs change: eight-day calf prices, milk powder prices, the prices of grains used in feed for calves and adult cattle?
- Has the implementation of marketing standards changed the added-value of farmers under contract with integrators?
- Has the implementation of marketing standards resulted in a different pricing of calf carcasses (eight months old or less) and/or of young cattle carcasses (eight to twelve months old)?
- Has the implementation of marketing standards changed the price of calf and beef meat and offal at the retail stage?
- Based on answers to the above questions, can we detect lasting changes?

**Judgement criteria**

The table on the next page presents the criteria for judgement and the corresponding indicators.

In the first place, we aim at showing the evolutions of production costs and prices at the different stages of the value chain. We then seek to establish causal relationship between these tendencies and the reform and in particular the development of the new rosé veal segment in the Netherlands. Our evaluation is based on a convergence of quantitative data and qualitative indications given through the answers of professionals during our interviews.
### Table 40 - Judgement criteria and indicators for EQ n°4

<table>
<thead>
<tr>
<th>Sub-questions</th>
<th>Judgement criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has the implementation of new marketing standards had an impact on:</td>
<td></td>
<td></td>
<td></td>
<td>Data availability, reliability and representativeness</td>
</tr>
</tbody>
</table>
| Farmers’ production costs? In particular, did production costs change for: eight-day calf prices, milk powder prices, the prices of grains used in feed for calves and adult cattle? | - The lower slaughtering age results in a decrease in average daily weight gain (DWG), which in turn results in a higher cost per kilo  
  - The lower slaughtering age results in a lower labour productivity, which in turn results in a higher cost per kilo  
  - The lower slaughtering age results in a higher than average cost of the feed ration, which in turn results in a higher cost per kilo | - Changes in overall costs structure.  
  - Evolution of 8-day calf prices  
  - Evolution of feed costs | Dutch FADN data Q1 |                                                           |
| The added-value of farmers under contract with integrators?                  | Farmers’ added-value (output minus external costs per calf or young cattle) decreased/increased after the reform | Before/ after analysis of farmers’ added value | Dutch FADN data |                                                           |
| The pricing of calf carcasses (eight months old or less) and/or of young cattle carcasses (eight to twelve months)? | The development of the new rosé veal segment in the Netherlands impacted the pricing of calf carcasses prices (eight months old or less) and/or of young cattle carcasses (eight to twelve months old) | Evolution of calf and young cattle carcasses prices | DG Agri, LEI |                                                           |
| The retail price of calf and beef meat and offal?                           | The average price per kilo increased/ decreased significantly in the Member States analysed | Evolution of veal current prices at retail stage (in euro) | Q1 | Data availability and representativeness |
| Based on answers to the above questions, can we detect lasting changes?     | - There is a perceivable long-term impact of the reform on the value chain and the distribution of added-value along it | - Industry opinion about the impact of the reform on the value chain  
  - Price transmission along the value chain (based on the Spanish Observatory for food prices)  
  - Outlook and prospective analysis for the veal sector | Field Survey Literature/ Spanish Observatory of Food Prices | Coherence and reliability |
8.1. Evolution of farmers’ costs structure and added value

As farmers are at the first stage of the value chain, the evolution of their cost structure and incomes are a major factor in the distribution of the added-value in the value chain.

8.1.1. Indicator n°1: changes in overall costs structure

As presented in Question 1, detailed accounting data for specialised calf farms are only available in the Netherlands. Although this example only represents integrated farms and cannot be generalised, it is the most relevant one as the value chain did not evolve significantly in other countries, or evolutions were not primarily related to the reform.

Figure 27 - Evolution of output, costs and herd size in Dutch calf farms

![Graph showing the evolution of output, costs, and herd size in Dutch calf farms]

Source: Dutch FADN data (LEI)

The analysis of the evaluation question n°1 have shown a steady increase of total output as well as total payments for costs and depreciation in Dutch specialised calf fattening farms. This increase is related for a large part to the increase of the average herd size in the long run, as shown in the above graph.

Table 41 - Evolution of outputs and payments per calf in the Netherlands

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>avg. 03-07</th>
<th>avg. 08-12</th>
<th>Evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total output (1000 EUR)</td>
<td>133</td>
<td>147</td>
<td>166</td>
<td>159</td>
<td>153</td>
<td>158</td>
<td>178</td>
<td>180</td>
<td>190</td>
<td>228</td>
<td>230</td>
<td>151</td>
<td>187</td>
<td>23%</td>
</tr>
<tr>
<td>Other output (1000 EUR)</td>
<td>121</td>
<td>136</td>
<td>160</td>
<td>154</td>
<td>148</td>
<td>145</td>
<td>163</td>
<td>161</td>
<td>169</td>
<td>206</td>
<td>206</td>
<td>143</td>
<td>169</td>
<td>18%</td>
</tr>
<tr>
<td>Total payments of costs and depreciation (1000 EUR)</td>
<td>101</td>
<td>107</td>
<td>115</td>
<td>111</td>
<td>123</td>
<td>123</td>
<td>142</td>
<td>137</td>
<td>144</td>
<td>175</td>
<td>179</td>
<td>112</td>
<td>144</td>
<td>29%</td>
</tr>
<tr>
<td>Fattening calves</td>
<td>553</td>
<td>572</td>
<td>639</td>
<td>660</td>
<td>660</td>
<td>625</td>
<td>705</td>
<td>682</td>
<td>672</td>
<td>781</td>
<td>783</td>
<td>617</td>
<td>693</td>
<td>12%</td>
</tr>
<tr>
<td>Total output/calf (EUR)</td>
<td>240</td>
<td>257</td>
<td>260</td>
<td>240</td>
<td>231</td>
<td>253</td>
<td>252</td>
<td>264</td>
<td>282</td>
<td>292</td>
<td>294</td>
<td>246</td>
<td>269</td>
<td>9%</td>
</tr>
<tr>
<td>Other output/calf (EUR)</td>
<td>218</td>
<td>238</td>
<td>250</td>
<td>233</td>
<td>223</td>
<td>232</td>
<td>231</td>
<td>236</td>
<td>226</td>
<td>264</td>
<td>263</td>
<td>232</td>
<td>243</td>
<td>5%</td>
</tr>
<tr>
<td>Total payments of costs and depreciation/calf (EUR)</td>
<td>183</td>
<td>187</td>
<td>180</td>
<td>169</td>
<td>186</td>
<td>196</td>
<td>202</td>
<td>201</td>
<td>215</td>
<td>224</td>
<td>229</td>
<td>181</td>
<td>207</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Dutch FADN data (LEI)

39 Total of output of crops and crop products, livestock and livestock products and of other output.:Sales and use of products and livestock + change in stocks + change in valuation of livestock + purchases of livestock + various non-exceptional products.

40 Other output includes various non-exceptional products other than crop and livestock products (e.g. land leasing, contract work, etc.).
While the total output and the total payments of costs and depreciation increase respectively by 23% and 29% between the two periods, the same variables per calf only increase by 9% and 15%, which confirms the impact of the increase in farms size. The increase also partially comes from a slight increase of arable products and milk products in the activity (from 4% of the total output between 2003 and 2007 to 9% between 2008 and 2012), which, for the former, could be related to the evolution of feed prices. The variable “other output” per calf - which mainly includes revenues from contracts – only increased by 5% between the two periods, which can be considered as fairly stable. Data available do not allow to separate costs for calf production completely from costs related to other products (i.e. arable crops) but the following graph provides insights on the evolution of main costs.

Figure 28 - Cost structure in Dutch calf farms before and after the reform

The graphs emphasise the overall stability of cost structures between the two periods. Costs related to tangible assets (about 70% of which come from the depreciation of buildings and equipment) represent 41% of total costs depreciation and payments in both periods. The share of costs related to animal and crop assets slightly increases from 17% to 19%, largely because of the significant increase of costs for off-farm manure displacement, which increased by 55% between 2008 and 2012 (data are not available before 2008) and represented 53% of those costs in 2012. So this evolution is mainly related to increasing environmental constraints rather than to the reform. Other important costs such as feed are not taken into account here as they are borne by integrators.

In conclusion, the cost structure for integrated calf fattening farms did not change significantly after the reform. The output from contracts per calf remained fairly stable. The increase in average total output mainly results from the greater size of farms and a slight increase of other activities (arable and milk products). Costs and depreciation (excluding calculated costs for labour and capital) also increased slightly, mainly because of increasing environmental constraints. The slaughtering of animals at a younger age therefore did not impact farms cost structure.

Source: Dutch FADN data (LEI)

---

This does not include calculated costs for labor and capital
8.1.2. Indicator n°2: Before/after analysis of farmer’s added value

The added-value is derived from the total output minus external costs (expenses related to animal and crop assets, energy, contractors and general costs). Depreciation costs, labour costs and the cost of capital are not taken into account.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>% Total output</td>
</tr>
<tr>
<td>Total output</td>
<td>151,320</td>
<td>13%</td>
</tr>
<tr>
<td>Animal and crop assets</td>
<td>19,340</td>
<td>13%</td>
</tr>
<tr>
<td>Energy</td>
<td>12,260</td>
<td>8%</td>
</tr>
<tr>
<td>Contractors</td>
<td>4,500</td>
<td>3%</td>
</tr>
<tr>
<td>General costs</td>
<td>10,840</td>
<td>7%</td>
</tr>
<tr>
<td>Added value (total output - external costs)</td>
<td>104,380</td>
<td>69%</td>
</tr>
</tbody>
</table>

Source: Dutch FADN data (LEI)

The ratio added-value/total output remained very stable between the two periods, which is not surprising in an integrated system, where farmers work as service providers.

8.1.3. Indicator n°3: Evolution of eight-day calf prices

The analysis of the evolution of eight-day calf prices in evaluation question n°1 concluded that there had not been any significant variation over the period under study and that the impact of this factor on production costs was therefore marginal.

8.1.4. Indicator n°4: Evolution of feed costs

Question 1 showed significant increases in feed prices between the two periods 2003-2007 and 2008-2012 (between 5% and 16% for liquid feed and between 19% and 40% for solid feed), which may have impacted the distribution of the added-value along the supply-chain depending on how this increase has been reflected in prices at the different stages. This is not a result of the reform but it has to be taken into account when analysing the evolution of margins and added-value at the different stages of the supply-chain.

8.2. Evolution of prices

Analyses here aim at determining whether the reform and in particular the resulting development of the rosé veal segment in the Netherlands structurally has changed the distribution of added value among farmers, integrators, slaughterhouses and retailers. This is done through the analysis of the evolution of prices at the different stages of the value chain and the identification of the main factors for these evolutions.
8.2.1. Indicator n°5: Evolution of prices at the different stages of the value chain

Price analyses in EQ n°1 (indicators n°3 and 5 page 68 and 71) show that veal carcass prices fluctuated along the period of study, mainly as a result of feed prices changes which increased by up to 40% in the Netherlands, but that there was no significant increase between the two periods. On the contrary, retail prices have increased continuously but the trend also started before the reform. Question 1 therefore concluded that the reform did not have a significant impact on market prices. Net margins of integrators and breeders in non-integrated systems shrunk in 2008 but because of the increase in feed prices, which only partially reflected in veal carcass prices.

8.2.2. Indicator n°6: Comparison with young cattle meat prices for bovine slaughtered between eight and twelve months in the Netherlands

The more detailed analysis provided in evaluation question n°3 based on the LEI agricultural prices data (indicator n°4) shows that the reform has had a small impact on the value of calves at farm level in the Netherlands as the price for rosé calves under eight months in 2013 is estimated to be 20c higher than for young cattle between eight and twelve months (or 6% higher).

The following chart shows that the difference is structural, but variable (from 5c to 40c) depending on the months.

Figure 29: Evolution of carcass prices for Dutch rosé calves (< and > eight months) since 2012

![Chart showing the evolution of prices for Dutch rosé calves and young cattle between eight and twelve months in the Netherlands.](chart)

Furthermore, this difference remains relatively small compared to the overall variability of rosé veal carcass prices as shown in the table below (up to 85c difference within a year in 2006). The main factors explaining this variability are feed prices, demand and seasonality in both production and demand.

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum price (a) E/kg cwe</td>
<td>2.1</td>
<td>2.15</td>
<td>2.4</td>
<td>2.55</td>
<td>2.35</td>
<td>2.4</td>
<td>2.5</td>
<td>2.5</td>
<td>3.1</td>
<td>3.1</td>
<td>3.05</td>
</tr>
<tr>
<td>Maximum price (b) E/kg cwe</td>
<td>2.55</td>
<td>2.4</td>
<td>3.05</td>
<td>3.4</td>
<td>2.85</td>
<td>3</td>
<td>2.8</td>
<td>3.15</td>
<td>3.45</td>
<td>3.6</td>
<td>3.45</td>
</tr>
<tr>
<td>Average price (c) E/kg cwe</td>
<td>2.35</td>
<td>2.3</td>
<td>2.6</td>
<td>2.9</td>
<td>2.55</td>
<td>2.7</td>
<td>2.65</td>
<td>2.8</td>
<td>3.25</td>
<td>3.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Variation during the year (b-a)</td>
<td>0.45</td>
<td>0.25</td>
<td>0.65</td>
<td>0.85</td>
<td>0.50</td>
<td>0.60</td>
<td>0.30</td>
<td>0.65</td>
<td>0.35</td>
<td>0.50</td>
<td>0.40</td>
</tr>
<tr>
<td>Year-to-year variation (n/n-1)</td>
<td>-2%</td>
<td>13%</td>
<td>12%</td>
<td>-12%</td>
<td>6%</td>
<td>-2%</td>
<td>6%</td>
<td>16%</td>
<td>2%</td>
<td>-3%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Agricultural prices data (LEI)
8.2.3. Indicator n°7: Evolution of carcass prices in the different market segments

Beyond the potential impact on the rosé veal market itself, it can be assumed that the development of a new segment with lower prices could also have impacted the white veal market in the Netherlands and in the other important Member States producing veal.

Figure 30 - Comparison of carcass prices for white veal (BE, FR, IT, NL), rosé veal (NL) and young cattle (NL) – 2003-2012

As shown in previous analyses, it is impossible to isolate the impact of a single factor on veal carcass prices but the above charts shows a clear correlation between Dutch white veal carcass prices and other Member States’ markets, especially in Italy where veal carcass prices are almost identical to the Dutch ones. On the contrary, white veal prices are fairly disconnected from rosé veal prices, which evolution is closer to young cattle prices. In other words, it can be considered that the impact of the development of the rosé veal segment, which remains a relatively small segment within the EU veal market (about 30% of the Dutch production and less than 10% of the total veal production in the EU), has had at most a marginal impact on white veal carcass prices.

MAIN FINDING IN SUBQUESTION N°2
PRICES ALONG THE VALUE CHAIN

Indicator n°5 based on question 1 analysis, shows that overall the reform did not have a significant impact on market prices at the different stages of the supply chain and that the added-value of integrators (and breeders in non-integrated systems) was mainly affected by the rise in feed prices.

Indicators n°6 and 7 based on question 3 analyses on Dutch rosé veal prices show that there is a small difference in price at farm level between rosé calves slaughtered before eight months and rosé calves slaughtered after eight months. However, this difference remains marginal compared to the overall variability of rosé veal carcass prices and there is no perceivable impact on white veal carcass prices.

---

42 Correlation coefficients go from 0.65 between the Dutch and Belgium prices to 0.90 between the Dutch and Italian prices.
43 The correlation coefficient between Dutch white veal and rosé veal prices is 0.4.
44 Section 2.7.1 on the Netherlands.
8.3. Long-term impact of the reform

8.3.1. Indicator n°8: opinions from integrators and slaughterhouses companies on the distribution of the added-value along the value chain

The reform is generally considered as not having had any impact on the value chain, except in France where some slaughterhouses and integrators think that without it, the French market would have considerably suffered from a growing incoming flow of older and cheaper rosé calves from the Netherlands. However, the analyses above tend to show that the price difference between under-eight-months rosé calves and eight-to-twelve-month rosé calves is not that significant.

8.3.2. Indicator n°9: Distribution of the added-value along the value chain: the Spanish example

The Spanish Observatory for food prices\(^\text{45}\) provides a detailed analysis of the value chain for terneras (young cattle) between 2009 and 2011. It provides valuable information on the net margins and associated costs at the different stages of the value chain. The observatory provides very detailed data on production costs at the different stages, by distribution channel. The following tables only aim at pointing out the variability of costs and margins and of their distribution along the supply chain, over time as well as among the different distribution channels.

Table 44: Production costs and net margins along the value chain for the Spanish ternera (2009, 2011)

<table>
<thead>
<tr>
<th></th>
<th>Traditional Butcher shops (fileted at the point of sale)</th>
<th>Large retailers (pre-packed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>Production Cost</td>
<td>3.60 3.89</td>
</tr>
<tr>
<td></td>
<td>Net margin</td>
<td>-6% -9%</td>
</tr>
<tr>
<td>Processing/</td>
<td>Production Cost</td>
<td>0.34 0.09</td>
</tr>
<tr>
<td>marketing</td>
<td>Net margin</td>
<td>-3% 3%</td>
</tr>
<tr>
<td>Retail</td>
<td>Production Cost</td>
<td>3.79 4.00</td>
</tr>
<tr>
<td></td>
<td>Net margin</td>
<td>7% 4%</td>
</tr>
<tr>
<td>Total cost of production (€/ kg)</td>
<td>7.91 8.14</td>
<td>3%</td>
</tr>
<tr>
<td>Final price of sale (incl. VAT) €/kg</td>
<td>8.60 8.90</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Spanish Observatory for food prices.

Production costs are provided in EUR/kg – Net margins in % of the price of sale

The most relevant points that can be drawn from the Spanish data are:

- Production costs and prices at the different stages are not closely correlated, which confirms that prices at the different stages of the supply-chain are primarily determined by their own supply and demand balance;
- At farm level, the net margin primarily depends on feed costs (which are supported by integrators in other systems). In 2009 and 2011, margins are negative: prices got by the farmers are not high enough to cover their costs. That is why breeders try to reduce those costs through the reduction of fattening cycles.
- At industrial level, the net margin primarily depends on the level of integration and whether the meat is sold as carcasses to wholesalers or whether it is cut or prepacked industrially and sold directly to the point of sale. Transport costs and the valorisation of by-products in slaughterhouses (e.g. leather) have also impacted the net margin between 2009 and 2011. Nevertheless, the situation was better in 2011 due to higher final selling prices and thanks to the cost reduction in slaughterhouses.

\(^{45}\) [http://www.magrama.gob.es/es/alimentacion/servicios/observatorio-de-precios-de-los-alimentos/frescos.aspx](http://www.magrama.gob.es/es/alimentacion/servicios/observatorio-de-precios-de-los-alimentos/frescos.aspx)
At retail level, net margins primarily depend on the channel (butcher shops vs large retailers), the cuts (from 7.132 EUR/kg for a steak to 30.650 EUR/kg for a sirloin on average in supermarkets in 2011) and on the equation between meat prices upstream and the demand downstream. Between 2009 and 2011, for instance, net margins in large retailers plummeted (from 6% to 0%) as a result of stagnating retail prices and increasing prices upstream.

These results also apply for the added-value at the different stages since the difference with the net margin would come from labour costs and depreciation costs and these are fairly stable compared to the above factors.

This analysis concerns young cattle, but it could apply to the veal market as well. The demand evolves differently in the two markets but the value chain and the role of the different stakeholders are very similar.

### 8.3.3. Indicator n°10: Causal relationship between the evolution of the value chain and the reform

According to the Global Veal Market Overview Report conducted for PVE by Gira in 2011, the development of the rosé veal segment is not related only to the reform but also to the overall market and strategic context of the sector such as the aging of traditional consumers, the increased competition between veal and adult bovine meat, increasing extra-EU trade and the fact that outside the EU, ‘veal’ actually often corresponds to young cattle meat.

The study also states that under-eight-month rosé veal can compete with milk-fed veal, especially in foodservice, more than older rosé veal, which tends to contradict the opinion of the French industry mentioned in Indicator n°8.

Finally, according to the same study the key factors to increase profitability are:

- Control of feed costs through integration and technical performance;
- Economies of scale at every stage of the value chain (including marketing);
- Dedicated marketing;
- Horizontal and vertical coordination in the chain;
- Proactive response to challenges through modernisation: animal welfare in particular is presented as a major challenge for the coming years.

### MAIN FINDINGS IN SUBQUESTION N°3

**LONG-TERM IMPACT OF THE REFORM**

Indicator n°8 based on the field survey, indicator n°9 based on the Spanish observatory of food prices, and indicator n°10 based on a prospective analysis conducted by the GIRA for the PVE lead to the following conclusions for the long-term impact of the reform on the distribution of the added-value along the supply chain:

- The price difference between under-eight-month and older rosé calves does not seem to have significantly impacted the veal value chain in the Netherlands and in other Member States;
- The new under-eight-month rosé veal segment represents one additional possibility in integrators’ product mix, but this is only one factor among others in the stakeholders’ equation to optimise their added-value and profitability;
- Meat prices primarily depend on demand and availability of supply and are disconnected from production costs; stakeholders and primarily integrators will therefore have to play between increasing and more volatile feed prices on the one hand and a more volatile demand on the other;
- The value chain will tend to be more and more vertically integrated, thus making the question of the distribution of the added-value less relevant in the long run;
- The development of the under-eight-month rosé-veal segment illustrates the pivotal role of Dutch integrators in the value chain and their capacity to adapt quickly to changing conditions, but it is only a minor variable in the general equation of the distribution of the added-value along the value chain.
8.4. Evaluation Judgement

Evaluation question n°4 aims at analysing to what extent the veal and young cattle marketing standards have affected the distribution of added-value along the value chain.

It was shown in previous questions that the only significant change directly related to the reform was the development of a new segment in the Netherlands, the rosé veal from animals slaughtered before eight months. Analyses in this question therefore focus on the impact of this new segment on the distribution of the added-value on the value chain.

1) Evolution of farmers’ costs structure and added-value

The cost structure in Dutch farms remained very similar before and after the reform. The main changes observed, such as the increase in total output per farm or increasing costs for off-farm manure displacement are related to long-term trends (e.g. increasing sizes of farms) and external factors (environmental constraints and rising price of feed due to an increase in arable and milk products). The stability of the added-value/output ratio between the two periods shows that the reform did not affect the farmers’ added value, which is also consistent with the fact that farmers act as service providers to integrators and do not bear commercial risks.

2) Evolution of prices

The price for rosé veal-calves slaughtered before eight months is slightly higher at farm level than that for young cattle slaughtered between eight and twelve months (former rosé veal segment). However this difference (5c to 40c/kg cwe on average depending on the age) remains fairly marginal compared to the overall variability of carcass prices and there is no perceivable impact on the price of white veal carcasses in the Netherlands or in other Member States where data are available (Belgium, France and Italy).

As shown in evaluation question n°3, retail prices have not been affected by the reform.

3) Long-term impact of the reform

All things considered, available data on price transmission in the bovine meat sector and literature on the perspectives of the veal industry show that:

- The value chain will tend to be more and more vertically integrated to cope with the fact that retail prices are more and more disconnected from production costs and that the latter will keep rising in the medium to long term (increasing feed costs, environmental constraints, animal welfare, etc.);
- In such a system, integrators adapt their margins based on the different external factors;
- The reform and the development of the under-eight-month rosé veal segment is a minor factor compared to other factors affecting the value chain (feed costs, regulatory environment, technical performance, distribution channels, valorisation among the different cuts, etc.).

We can therefore conclude that the reform has had an impact on the value chain with the development of a new segment, but that there has been no perceivable impact on the distribution of the added-value along the value chain.
9. \textit{EQ n°5: To what extent has the overall control system of the veal and young cattle meat marketing standards been adequate to achieve the objectives of the regulation (i.e. ensure functioning of the internal market, ensure consumer information and confidence)?}

In answering this question the contractors should examine in particular:

- the supervisory role of the Commission over the Member States’ control systems;
- the supervisory role of the Member States’ competent authorities over independent third-party bodies;
- the exchange of information between the Commission and the Member States, and between the Member States.
- the harmonised and consistent application of control system across the Member States.

\textbf{Key terms}

‘Control system’. The control system is defined by the overall organisation of controls (method, frequency, players, reporting) where the objective is to ensure that the Regulation’s specifications have been implemented.

‘Supervision’ The supervision implemented by the European Union and by each Member State’s administration bodies.

\textbf{Reformulation of the question}

The implementation of the Regulation on veal and young cattle meat marketing standards and Commission Regulation (EC) n° 566/2008 means that controls have to be made both on animal carcasses and all along the production chain (labelling).

Through this evaluation question, we have to determine if the control system (that involves the European Commission, national authorities and independent control bodies) is suited to implement the Regulation.

Different levels of control exist. In each Member State:

- The official body in charge of controls has to verify that the Regulation is implemented;
- Independent third parties may also be involved under the delegation of tasks by the competent authorities, as defined in Regulation (EC) n°882/2004 and 566/2008. The competent authority delegating these services is required to monitor the activities of the third party body regularly;
- Under Regulation (EC) n°882/2004, an integrated multi-annual control plan is developed at Member State level and submitted to the Commission. This includes annual reports, the results of controls and audits.
- Special provisions have been made in the case of meat imports from third countries. A competent authority or independent body is responsible for monitoring and registering the identification and registration of bovine animals. Details of the competent authorities or independent third party and an indication of the operators concerned must be notified to the Commission.
- At European level, the Commission plays a role in the verification of the implementation of the Regulation. In accordance with Regulation (EC) No 882/2004, the Commission prepares an annual monitoring plan that is transmitted in advance to Member States. The Commission reports its results.

In addition, if necessary, the competent authorities may have to work with other Member States’ authorities (as defined in Regulation (EC) n°882/2004). Liaison bodies are designated to co-ordinate these procedures within each Member State.

This question is also intended to analyse whether control provisions have been applied in a harmonised way between Member States and if there has been any distortion of competition between operators. This homogeneity is the responsibility of national authorities in their
interpretation of the rules and the definition of the control programme and that of the Commission in its supervisory role.

The question can be deconstructed into four sub-questions:

- Has the Commission been effective and in adequacy with the supervisory role of Member States’ control systems?
- Have the Member States been effective and adapted their supervisory role of independent third-body control systems?
- Has the transmission of information between the Commission and the Member States and among Member States been adequate and effective?
- Are the national control systems harmonised and coherent?

**Judgement criteria and indicators**

It is therefore important to analyse:

- The control programmes implemented by the Member States and the Commission. We will determine if means and frequencies have been appropriate;
- The stakeholders’ responsibilities in each Member State:
  - In slaughterhouses;
  - In further processing plants;
  - At retail stage;
  - In relation to imports from third countries.
- The control results: which types of non-conformity occur (nature, importance, frequency);
- What actions have been taken in regards to these non-conformity cases;
- Non-conformity rates will be the first indicator of the good implementation of the Regulation’s specifications. It is thus important to assess the data availability.

In some Member States, private or professional control systems exist. For instance, with IKB in the Netherlands, it may occur that some systems are agreed as substitutes to the official control systems. Consequently, we will also evaluate the certification provisions.
<table>
<thead>
<tr>
<th>Sub – questions</th>
<th>Judgement Criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
</table>
| Has the Commission been effective and adequate to its supervision role of the Member States’ control systems? | The Commission services have ensured that the Member States have set up a control system. The Commission services centralise monitoring reports and present a synthetic overview. | Existence / non-existence of such a procedure.  
Existence / non-existence of such a report. | Interviews of Commission officers in charge of the control system. | /                                                                          |
| Have the Member States been effective and adequate their supervision role of independent third party control systems? | A reliable control system has been implemented in each Member State.  
Non-conformity rate is low.  
Non-conformity observations have been followed by specific actions and/or sanctions. | National control system analysis.  
Non-conformity rate.  
Existence / non-existence of specific actions or sanctions. | Interviews of Member States’ officers in charge of control system.  
Interview of independent organization agents in charge of control system.  
Control system description.  
Annual reports of Member States. | Data availability in official reports                                           |
| Has the transmission of information between the Commission and the Member States and among the Member States been adapted and effective? | MS have transmitted regular and suitable information to the Commission.  
Member States have communicated with one another on this subject | MS annual reports exist and are satisfactory.  
Existence / non-existence of formal protocol. | Interviews of Member States’ officers in charge of the control system.  
Annual reports of Member States. | Subjectivity of the interviewed people.                                       |
| Are the national control systems harmonised and coherent? | Interpretation of Regulations (EC) n°700/2007 and 882/2004 is consistent between Member States.  
Control systems are homogeneous (method, frequency, etc.) | Comparison of national interpretations of the implementing rules of Council Regulations (EC) n°700/2007 and 882/2004.  
Comparison of national control systems.  
Stakeholders’ opinions | Interviews of Member States’ officers in charge of the control system.  
Annual reports of Member States; Member States’ notifications. | /                                                                          |
9.1. Supervisory role of the Commission towards the Member States’ control systems

9.1.1. Indicator n°1: Existence of procedure to implement -9111-Regulatory framework

The overall organisation of controls of the veal and young cattle meat marketing standards is defined through two Regulations:

- Regulation on the veal and young cattle meat marketing standards\(^{46}\).
- Regulation (CE) n°882/2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.

The role of each part, Commission, Member States and competent authority or authorities, is detailed in those two texts.

**According to Annex VII of Article 78(a) of Regulation 1308/2013\(^{47}\):**

- The Member States shall:
  - designate the competent authority or authorities responsible for official checks performed to verify the application of this Regulation;
  - inform the Commission of this designation;
- The competent authority or authorities shall:
  - carry out the official checks in accordance with the general principles laid down in Regulation (EC) n°882/2004;
  - ensure that the meat from bovine animals aged twelve months or less imported from third countries is marketed in the Community in accordance with the Regulation.
- The Commission shall:
  - ensure that Member States are complying with the provisions of this Regulation;
  - carry out, on-the-spot checks, to ensure that the Regulation is being implemented.

**According to the Regulation n°882/2004:**

- The Member States shall (Art. 41 to 44):
  - enforce feed and food law, animal health and animal welfare rules, monitor and verify that the relevant requirements thereof are fulfilled by business operators at all stages of production, processing and distribution;
  - organise official controls for that purpose;
  - establish and implement Multi Annual National Control Plans (MANCP) in accordance with board guidelines drawn up at EU level;
  - present an annual report to the Commission with information on the implementation of the MANCP.
- The Commission shall (Art. 45 and 46):
  - establish a harmonised framework of general rules for the organisation of the controls.
  - report on the findings of each Commission control carried out and make its reports publicly available.

\(^{46}\) Regulation (EC) n°700/2007 (Art. 78(a) of the Regulation (EC) n°1308/2013)
\(^{47}\) Part I, paragraph VI of the Annex VII
Role of the Commission in the supervision of the Member States’ control systems

Based on the analysis of the Regulation and on the information collected from the interview of the Commission officers in charge of controls, we can see that the following points stand out as to the role of the Commission in the Member States’ control system follow-up:

- Control implementation and realisations are the responsibility of each Member State. The Commission has a role of global supervision, to ensure that Regulations’ requirements are applied.
- Article 8 of the Regulation is referring to the conformity with Regulation (EC) n°882/2004 which requires the Commission to centralise the Multi Annual National Control Plans together with the national annual reports of each Member State.
- To ensure the global harmonisation and homogeneity of these reports, the Commission delivers guidelines to the Member States to monitor them in the reporting and give more details on the information these reports should give48.
- Furthermore, the Commission can make on-the-spot checks to ensure that the Regulation is being implemented. As of today, this possibility has not been used by the Commission.

9.1.2. Indicator n°2: National and Commission annual reports

Articles 41 to 44 of Regulation (EC) n°882/2004 require Member States to produce a single, integrated, multi-annual control plan (MANCP) covering five main areas (food law, feed law, animal health rules, animal welfare rules and plant health rules). It contains general information on the structure and organisation of the systems of controls.

Member States shall also submit to the Commission an annual report indicating the results of controls and audits conducted and the non-compliance management.

Bovine meat and veal are not specifically mentioned in these reports (MANCP and annual activity reports on controls). When they are, the information delivered is about the competent authorities involved, laboratories, specificities regarding the imported products or live animals, the sanitary aspects, the census of the number of establishments to be controlled, etc.). Information on the veal and young cattle meat marketing chain is scarce.

Within the eight Member States where a case study was carried out, Spain is the only one giving details on the veal sector: the MANCP give details on the controls on traceability and also a ‘control programme for the labelling of veal’ in a specific annex. In this document, information is to be found on the Regulation concerned, the specific objectives, the competent authorities in each geographic area, the names of the official laboratories, organisations and management of official controls.

On the basis of the national annual reports the Commission elaborates an annual report for the European Parliament. This report summarises the overall operation of official controls in Member States and gives recommendations, when appropriate, to improve the global management of the system. All these reports (national reports and synthesis report from the Commission) are publicly available on the Commission website.

48 Article 44 of Regulation (EC) n°882/2004
MAIN FINDINGS IN SUBQUESTION N°1

SUPERVISION ROLE OF THE COMMISSION

Indicator n°1 shows that the supervisory role of the Commission over the Member States’ control systems in the area of veal and young cattle meat marketing standards is defined by two Regulations: the main lines in Article 78(a) of Regulation 1308/2013 and the detailed articles in Regulation (EC) n°882/2004.

Responsibilities are clearly allocated to the Member States and the Commission:

- national authorities are in charge of the control systems’ implementation;
- the Commission is in charge of:
  - the global supervision of the control systems, implementation and functioning,
  - the collection of the national annual reports,
  - the conducting of on-the-spot checks, when necessary. As of today, no such checks have been carried out.

As required in Regulation (EC) n°882/2004, the Commission ensures the collection of the national reports and produces an annual synthesis. These reports are not specific as regards the veal and young cattle sector, but cover all the food chain. For that reason, information from control reports regarding the veal marketing chain is scarce (Indicator n°2).
**9.2. Supervisory role of the Member States towards independent third party control systems**

**9.2.1. Indicator n°3: Analysis of the national control systems**

The table below shows how the control system is organised in each of the eight case study Member States.

<table>
<thead>
<tr>
<th>Authority in charge of the controls</th>
<th>Controls’ organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Slaughterhouses</td>
</tr>
<tr>
<td>BE</td>
<td>AFSCA</td>
</tr>
<tr>
<td>SFP Economie (Service Public Fédéral Economie)</td>
<td></td>
</tr>
<tr>
<td>DE</td>
<td>Federal authorities.</td>
</tr>
<tr>
<td>BMEL - Bundesministerium für Ernährung und Landwirtschaft (Federal Ministry of Food and Agriculture)</td>
<td></td>
</tr>
<tr>
<td>SP</td>
<td>General subdirection for animal products of the Ministry of Agriculture and of AESAN (Food Security Agency).</td>
</tr>
<tr>
<td>MAGRAMA - Ministerio de Agricultura, Alimentacion y Medio Ambiente (Ministry of Agriculture, Food and Environment)</td>
<td></td>
</tr>
<tr>
<td>FR</td>
<td>Agents of the DGCCRF (operators to be controled are chosen at local or regional level).</td>
</tr>
<tr>
<td>DGCCRF - Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes (General Directorate for Fair Trading, Consumer Affairs and Fraud Control).</td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td>Regional authorities</td>
</tr>
<tr>
<td>MIPAAF - Ministero delle politiche agricole alimentari e forestali (Italian Ministry of Agriculture, Food and Forestry)</td>
<td></td>
</tr>
<tr>
<td>NL</td>
<td>NVWA</td>
</tr>
<tr>
<td>NVWA - Nederlandse Voedsel -en Warenautoriteit (Netherlands food and Consumer Product Safety Authority)</td>
<td></td>
</tr>
<tr>
<td>PL</td>
<td>AFQI (Agricultural and Food Quality Inspection)</td>
</tr>
<tr>
<td>MINROL - Ministerstwa Rolnictwa Rozwoju Wsi (Ministry of Agriculture and Rural Development)</td>
<td></td>
</tr>
<tr>
<td>PT</td>
<td>ASAE (Autoridade de Segurança Alimentar e economica) (Portugal’s Food Safety and Economic Authority)</td>
</tr>
</tbody>
</table>

Source: AND International (surveys with national authorities)

Depending on the Member States’ administrative organisations, controls may be done by a single body as in France, the Netherlands and Portugal; or by different services (one at slaughterhouse stage, one at retail stage) as in Belgium, Germany, Spain, Italy and Poland.

**9.2.2. Indicator n°4: Non-conformity rates**

As explained previously, there is no specific control report, centralised by the Commission, on the veal and young cattle meat sector. Available data on controls and non-conformity rates are general on the bovine sector and/or cross-sectional with details on traceability, animal welfare, food security, etc.
A thorough examination of all the official reports from the eight Member States analysed in this study has shown that the non-conformity rate in the veal and/or young cattle meat sector cannot be isolated.

These data extracted from the national control reports sent to the Commission are gathered in the following table.

<table>
<thead>
<tr>
<th>Nature of controls</th>
<th>Field of controls</th>
<th>Number of controls</th>
<th>Non-conformity rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traceability (including identification and recording)</td>
<td>All food</td>
<td>29,966</td>
<td>8.40%</td>
</tr>
<tr>
<td>Packaging and labelling (including marketing standards)</td>
<td>All food</td>
<td>9,718</td>
<td>11.60%</td>
</tr>
<tr>
<td>Controls in the system for the identification and registration</td>
<td>Bovine animals</td>
<td>695 farms</td>
<td>7%</td>
</tr>
<tr>
<td>Identification and registration</td>
<td>All animals species</td>
<td>2,515</td>
<td>-</td>
</tr>
<tr>
<td>Animal by-products</td>
<td>All animals species</td>
<td>5,712</td>
<td>-</td>
</tr>
<tr>
<td>Meat</td>
<td>All meats</td>
<td>2,320</td>
<td>-</td>
</tr>
<tr>
<td>Meat products</td>
<td>All meats</td>
<td>2,016</td>
<td>-</td>
</tr>
<tr>
<td>Imports of live animals and animal products</td>
<td>All meats</td>
<td>59,159</td>
<td>-</td>
</tr>
<tr>
<td>Labelling</td>
<td>All food</td>
<td>178</td>
<td>-</td>
</tr>
<tr>
<td>Traceability and labelling</td>
<td>Bovine meat</td>
<td>5,526</td>
<td>8.60%</td>
</tr>
<tr>
<td>Labelling / Presentation</td>
<td>All food</td>
<td>28,664</td>
<td>18%</td>
</tr>
<tr>
<td>Meat, poultry, game</td>
<td>Meats</td>
<td>11,979</td>
<td>16.30%</td>
</tr>
<tr>
<td>Meat and meat products</td>
<td>Meats</td>
<td>9,891</td>
<td>3.90%</td>
</tr>
<tr>
<td>Labelling</td>
<td>Beef and veal sector</td>
<td>313</td>
<td>21.70%</td>
</tr>
<tr>
<td>Compliance analysis with the National and Community provisions (Parameters microbiological, chemical, physical and labelling)</td>
<td>All food</td>
<td>1,800</td>
<td>Noncompliance on food labelling: 38% Noncompliance in the meat sector: 10% 8 cases of noncompliance of labelling on meat products.</td>
</tr>
</tbody>
</table>

Source: AND International from annual reports on controls on feed and food market chain (2012)

This table shows that the data quality is heterogeneous from one Member State to another: in France for example, reports give details on the ‘traceability and labelling of bovine meat’ whereas Germany only gives indication for ‘meat, poultry and game’ and for ‘labelling/presentation’.

In the light of this table, we can conclude that:

- The Polish report gives little qualitative information on the labelling of veal at retail stage and stresses several non-compliance cases related to the display or labelling of the slaughtering age.
- In the other Member States, data are too general to establish what the state of play of the controls of veal and young cattle meat standards is.

However, other sources of information have been collected through interviews conducted with officers in charge of controls in National Authorities. In Belgium and France, these sources are more detailed and give specific data regarding the veal and young cattle meat sector:

- In Belgium, controls are shared between two official bodies: SFP Economie and AFSCA. The official annual report is sent to the Commission by AFSCA and only gives general data. The following information concerns the veal sector and is from the SFP Economie annual report: in 2012, 121 non-conformity cases out of 442 controls in butcher shops, supermarkets and wholesalers were recorded (representing 27% of non-compliance). Non-compliance mainly concerns the non-labelling or non-display of the age even if the designation ‘veal’ is properly used.
In France, the report of the DGCCRF on beef traceability and labelling (different from the report on official controls sent to the Commission) indicates that the labelling of veal (slaughtering age of the animal) is not always correct.

9.2.3. Indicator n°5: Specific actions or sanctions

Table n°4 on page 15 summarises the national provisions in place in the eight Member States covered by national case studies, and indicates the legal regulations applicable in each Member State. Penalties vary according to the type of non-compliance. In most cases, penalties applicable are fines.

Annual reports on controls and available information gathered during the field survey are not detailed enough to know the penalties specifically applicable in case of non-compliance in the veal and/or young cattle sector. Some officers from national control bodies told us that sanctions were taken but they had no details about the nature of these sanctions. Other stakeholders and professional bodies did not mention anything on that particular topic.

Although professional bodies have not complained about sanctions, we cannot conclude on this issue; once again, the public reporting system does not provide sufficiently detailed information.

9.3. Transmission of the information

9.3.1. Indicator n°6: Member States annual reports

Member States annual reports are publicly available and gathered by the Commission services. As required in Article 44 of Regulation (EC) n° 882/2004, these reports should specify:

- Any amendments made to multi-annual national control plans;
- The results of controls and audits conducted in the previous year under the provisions of the multi-annual national control plan;
- The type and number of cases of non-compliance identified;
- Actions to ensure the effectiveness of the multi-annual national control plans, including enforcement actions and their results.
To ensure a consistent presentation of these reports, the Commission provides guidelines to help the Member States in writing the annual reports. As these reports concern the whole food market chain, the information given is not detailed enough to assess controls on the veal and young cattle meat sector\textsuperscript{49} in particular, even if some of these information and data may concern the veal and young cattle sector.

In the last annual synthesis report about official controls made by the Commission to the European Parliament\textsuperscript{50}, a paragraph was dedicated to the traceability of beef and beef products. It states that ‘controls of traceability of beef and beef products and compulsory labelling have improved significantly in the Member States visited’. In relation to the traceability of live animals, deficiencies in implementing the current legislation and carrying out official controls were to be found in places where animals are gathered, such as dealers’ premises, markets and assembly centres. Some shortcomings were also noted in relation to the management of databases used for the registration of animals.

We have seen in indicator n°4 that, in some Member States, detailed documents are available at national level. Therefore, one can say that the shortcomings may be due to the transmission of information to the Commission rather than to the controls or local reporting.

**9.3.2. Indicator n°7: Existence of formal protocol for communication between the Member States on this subject**

Recital 22 of Regulation 882/2004\textsuperscript{51} suggests that: appropriate procedures should be available for the cooperation of the competent authorities in and between the Member States, in particular when official controls reveal that feed and food problems extend to more than one Member State. In order to facilitate such cooperation, Member States should designate one or more liaison bodies with the role of coordinating the transmission and reception of requests for assistance.'

This is not a compulsory statement but a recommendation to facilitate trade and communication between the Member States. According to the interviewed control bodies, the objective of this Regulation was not to harmonise procedures but it may change soon as it is currently under revision.

Following the horse meat scandal, the Commission implemented a ‘fraud service’ and a ‘fraud information network’. The question of information exchanges and formal protocols may be solved in the short or medium term.

For example, in Germany, according to the liaison body in charge of the communication with the other Member States, exchanges occur on a case by case basis. Recently, an issue regarding the labelling of a veal carcass imported from the Netherlands resulted in an exchange of information between the two Member States.

However, the knowledge of these liaison bodies in the other national control systems seems to be insufficient. Formal protocols on that point appear to be inexistent.

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\textsuperscript{49} See the previous table n° 47

\textsuperscript{50} Report from the Commission to the European Parliament and to the Council – On the overall operation of official controls in the Member States on food safety, animal health and animal welfare, and plant health

\textsuperscript{51} Regulation on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.
9.4. Level of coherence and harmonisation of the national control systems

9.4.1. Indicator n°8: Comparison of national interpretation of the implementing rules of the Regulation

We have seen (EQ n°2; indicator n°1) that some Member States adopted the Regulation into a specific national decree (France, Belgium and Italy) or modified a pre-existing law (Spain, Germany). In the Netherlands, Portugal and Poland, no national texts have been published. Moreover, different levels of sanctions have been defined and competent administrations in charge of implementation and controls could differ from one Member State to another.

There is a lack of precise information about infringements.

9.4.2. Indicator n°9: Comparison of national control systems

Table n° 46 presented for indicator n°3 explains the organisation of the control systems in each Member State where case studies have been carried out.

The following points can be brought up:

- In all Member States, a National Authority is in charge of the supervision of the control system.
- The operational organisation and checks are conducted by several independent bodies.
- The information available does not underline any specific procedure regarding the veal and young cattle sector. Control systems refer to the food chain as a whole.

We can conclude that the setting-up of national control systems is coherent and harmonised because of their common characteristics: the supervision of the national authorities; the distribution of controls along the market chain. Yet, the level of detail in reporting is insufficient to assess the effectiveness of the control systems.
9.4.3. Indicator n° 10: Stakeholders’ opinions on the national control systems

The table below summarises the opinions of the stakeholders of the field survey.

Opinions are homogeneous between the Member States, except in Portugal where no specific opinion has been provided. In most cases, controls are considered to be necessary, effective and reliable.

**Table 48 – Stakeholders’ opinions on the control systems**

<table>
<thead>
<tr>
<th>Stakeholders opinions on control systems</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BE</strong></td>
</tr>
<tr>
<td><strong>DE</strong></td>
</tr>
<tr>
<td><strong>ES</strong></td>
</tr>
<tr>
<td><strong>FR</strong></td>
</tr>
<tr>
<td><strong>IT</strong></td>
</tr>
<tr>
<td><strong>NL</strong></td>
</tr>
<tr>
<td><strong>PL</strong></td>
</tr>
<tr>
<td><strong>PT</strong></td>
</tr>
</tbody>
</table>

Source: AND International from the field survey

The opinions of the stakeholders are not substantiated enough for us to draw our conclusions about national control systems; but it is nonetheless important to mention the fact that they consider these systems as reliable and effective.

**MAIN FINDINGS IN SUBQUESTION N°4**

**LEVEL OF COHERENCE AND HARMONISATION**

The means used to interpret the implementing rules of the Regulation differ from one Member State to another (some of them adopted a national decree, other did not) but these national adaptations have not lead to major differences in the concrete implementation of the reform regarding controls (**indicator n°8**).

Despite the limited availability of specific data on the veal sector, the comparison of the national control systems has allowed us to conclude on a satisfactory level of coherence and harmonisation (**indicator n°9**).

According to the stakeholders interviewed, controls are necessary, effective and reliable (**indicator n°10**).
9.5. Evaluation judgement

Evaluation question n°5 aims at determining if the control system (that involves the European Commission, national authorities and independent control bodies) is suited to implement the Regulation.

1) Supervisory role of the Commission over the Member States’ control systems

Controls are under the responsibility of each Member State and the supervision is done by the Commission.

According to Regulation (EC) n°882/2004, the MANCP (Multi Annual National Control Plan) should cover feed and food law, and the legislation on animal health and animal welfare. Therefore, the control system specific to the labelling of the meat of bovine animals aged twelve months or less is under MANCP supervision.

2) Supervisory role of the Member States’ competent authorities over independent third-party bodies

National Authority or authorities in charge of the control systems send to the Commission annual reports on the national integrated plan of controls, as required by Regulation (EC) n°884/2004.

Information collected in these reports is related to food, feed, animal health and welfare, plant health.

The contents of these reports:
- are not homogeneous;
- do not allow to gather specific and detailed information on the veal and young cattle marketing standards issue;
- do not present the number of controls, the non-conformity rate, the nature of penalties relative to the veal and young cattle marketing standards;

As a result, on the basis of these reports, we cannot conclude about the implementation of the veal and young cattle marketing standards.

3) Exchange of information between the Commission and the Member States and between the Member States

The exchange of information between the Commission and the Member States is in accordance with the Regulation, but the reporting is not detailed enough to get specific information on the controls on veal and young cattle meat.

Exchanges of information between Member States occasionally exist but are not systematically organised.

4) Harmonised and consistent application of control systems across the Member States

Despite the limited availability of specific data on the veal sector, the comparison of the national control systems permits to conclude on a satisfactory level of coherence and harmonisation of national control systems.

Yet, based on the analysis of available information we cannot draw a firm judgment on the adequacy of the control system for the veal and young cattle meat marketing standards. The reporting of the Member States to the Commission is not sufficient to allow a proper monitoring of the controls of the veal marketing standards.
10. **EQ n°6: To what extent has the labelling provided in the veal and young cattle meat marketing standards influenced consumer perception?**

The answer to this question requires a thorough examination of the elements influencing consumer perceptions such as:

- Consumer knowledge and understanding of veal and young cattle meat labelling requirements;
- Influence of the label on consumer confidence and trust;
- Influence of the label on consumer purchase decisions of veal and young cattle meat products.

**Key terms**

‘Veal and young cattle meat’ is defined by Article 78(a) Reg. (EC) n°1308/2013 (Annex VII, Part I) as meat from bovines less than twelve months old. This covers category V (calves aged less than eight months) and category Z (bovines aged between eight and twelve months).

Regulation EC n°1308/2013 (Annex VII, Part I) also establishes that ‘meat’ means all carcases, meat on the bone or boned, and offal, whether or not cut, intended for human consumption, obtained from bovine animals aged twelve months or less, presented fresh, frozen or deep-frozen, whether or not wrapped or packed”.

Therefore, the Regulation does not explicitly concern processed products (such as paupiettes de veau, schnitzel, sausages, têtes de veau, veal patties, etc). Nevertheless, some national regulations imply that as long as one term is used to designate a raw material or an ingredient, the named product has to be in conformity with the fresh product definition.

‘Consumers’ are the final consumers, therefore the impact of labelling at retail stage must be analysed through information collected directly from consumers, consumer organisations and from retailers.

The labelling rules for the marketing of meat of bovine animals aged < twelve months are defined in Annex VII of Regulation no. 1308/2013. These rules also apply to imported meat. Nevertheless, product names protected by designation of origin or geographical indication (PDO or PGI) that were registered before 2007 are not concerned by the new rules.

Mandatory labelling concerns:

- Slaughtering age. It is required to indicate whether the animal has been slaughtered before eight months or between eight to twelve months.
- Sales description under point III of Annex VII (Part I), which allows the consumer to distinguish between ‘veal’ and ‘veal meat’ from animals aged < eight months, and “young cattle” or “meat of young cattle” from animals eight to twelve months old.
- The display of this information for non pre-packed meat at point of retail sale is decided by the Member States.

‘Consumer perception’ refers to the image of the product that consumers usually have, built on the knowledge consumers have acquired through experience and available market information. Tradition also plays a role, as veal and beef are often used in particular dishes that come from traditional regional or national recipes.

Beyond product image, the influence of the labelling on consumer perceptions is assessed in relation to its impact on purchase decisions.
Question reformulation

The main aim of the present evaluation question is to understand the impact of the new marketing standards on consumers through the image they have of the product, their understanding of the information provided, the confidence they have in the truthfulness of this information, and the impact of all these factors on their meat purchase decisions.

Taking into consideration the evolution of veal / young cattle meat consumption before and after the introduction of Regulation (EC) n°1308/2013 (Annex VII), we have examined views and opinions of retailers and consumer organisations about the relevance of the new trade denominations and related labelling requirements for the consumer market.

Finally, we have analysed the information collected through six consumer focus groups conducted in France, Italy and Germany on the following themes:

- Expectations with respect to the characteristics of the meat;
- Level of knowledge of the causal relationships between the characteristics of the animals (age at slaughtering, type of feeding) and those of the meat (colour, tenderness, etc.);
- Knowledge of brands and quality labels (including PDO and PGI, if applicable);
- Knowledge of information that must be provided at retail stage;
- Impact on purchase decision.

Judgement criteria and indicators

The table below summarises the judgement criteria and relative indicators used to answer the present evaluation question.

<table>
<thead>
<tr>
<th>Judgement criteria</th>
<th>Indicators</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance of marketing standards for veal and young cattle meat &lt; twelve months</td>
<td>1. Relevance of trade denominations according to retailers and consumer organisations</td>
<td>Focus groups; Interviews with retailers and consumer organisations</td>
</tr>
<tr>
<td></td>
<td>2. Relevance of veal slaughtering age for the consumer</td>
<td></td>
</tr>
<tr>
<td>Impact of labelling on consumer purchase decisions</td>
<td>3. Consumer knowledge, preferences and expectations with respect to veal</td>
<td>Focus groups</td>
</tr>
<tr>
<td></td>
<td>4. Consumer awareness of trade denominations and labelling requirements for veal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Impact of labelling information on purchase decisions</td>
<td></td>
</tr>
</tbody>
</table>
10.1. Relevance of marketing standards for veal and young cattle meat < twelve months

In order to understand whether marketing standards (and trade denominations) for veal and young cattle meat from bovine animals < twelve months are relevant for the consumer market, we have analysed information collected through interviews with stakeholders (in particular, retailers and consumer organisations) in all case study countries, and we have also analysed consumer views collected through six focus groups conducted in France, Germany and Italy (two focus groups in each country).

10.1.1. Indicator n°1 - Relevance of trade denominations according to retailers and consumer organisations

Some common observations have emerged from the interviews with food retailers and consumer organisations in the main veal national markets as to the relevance of trade denominations and labelling requirements adopted for veal and young cattle meat < twelve months:

- In general for all the examined Member States, the interviewed stakeholders consider that the trade denominations have had a positive impact by fixing a threshold at eight months for veal, as this has made the denomination ‘veal’ produced in different Member States more homogeneous. In this sense, the norms introduced for the labelling of veal and young cattle meat under twelve months have allowed to distinguish products which are different in their characteristics (specifically, white veal obtained from a milk-based diet slaughtered at six to eight months and rosé veal from calves fed on cereals and fibres slaughtered after eight months) although these products used to be called with the same name (i.e. veal) and marketed at the same price in spite of different fattening time lengths and production costs. In the eyes of the sector representatives we interviewed, this distinction is one of the positive aspects of the reform for the consumer market in terms of greater transparency and also of guarantee of product traceability;

- That said, stakeholders in Italy, France, Germany and the Netherlands point out the fact that there still is uncertainty and confusion about trade denominations due to the freedom given to the different Member States to adopt different terms. As an example, the Netherlands has maintained the term ‘kalb’ (i.e. rosé) for the meat of young cattle aged eight to twelve months, which, according to some interviewees, may be misleading.

- The introduction of trade denominations and related labelling for veal and young cattle meat < twelve months has contributed to more transparent and clearer exchanges of information between industry operators, but has failed to provide better information directly to the consumer. Indeed, no consumer information or communication policy has been developed in this respect in any of the examined Member States, either organised by the public authorities, industry, retail or other interest groups such as consumer organisations. It is therefore common belief that the introduced trade denominations and related labelling have had no impact on consumer choices.

- In some cases, the denominations introduced with the reform for young cattle meat eight to twelve months do not make much sense or can create confusion. For example, in Italy the “Vitellone” denomination for young cattle aged eight to twelve months does not make much sense because there is no corresponding market for this meat. Traditionally, the Italian market has always defined as ‘vitellone’ bovine meat as meat from an animal aged approx. eighteen to twenty-four months. For this reason, since 2008 the term ‘vitellone’ has no longer been used on the market. Similarly, in Spain and France, the terms ‘añojo’ and ‘viande de jeune bovin’ have no significance whatsoever for common consumers. Furthermore, the terms differ between Irish-English and British-English (i.e. the same product is called rosé veal vs. beef) and between Dutch-Dutch and Belgian-Dutch (rosé kalvesvlees vs. jungreundvlees). In the United Kingdom, the term ‘beef’ (used for young cattle meat eight to twelve months) also applies to beef > twelve months old.
10.1.2. Indicator n°2 - Relevance of veal slaughtering age for the consumer

In all case study countries where it was possible to collect opinions from food retailers and consumer organisations as to whether the age of calves (young cattle) at slaughtering was relevant information for the consumer, very similar responses were obtained. All answers indicated that the age of the animal at slaughter has very little importance or none at all.

All retailers agree in saying that consumer choices are primarily based on colour, (perceived) tenderness, price, origin and only lastly on information about feed and age. In Poland only, interviews with sector representatives suggest that consumers associate the white colour of veal with very young animals mainly fed on milk).

The overall little relevance of age at slaughtering for the veal consumer is confirmed by information collected in the focus groups (Italy, France and Germany). As a matter of fact, it has emerged very clearly that, in each of the three countries, consumers had very little knowledge or even misconception regarding calf production practices (feed) and were generally not aware of the age at which calves are slaughtered (see previous §10.1.1). In Germany, consumers also mentioned the fact that they didn’t really want to know at what age calves are slaughtered because of their young age (i.e. "calves are babies").

### MAIN FINDINGS OF SUBQUESTION N° 1

**RELEVANCE OF MARKETING STANDARDS**

Retailers and consumer organisations interviewed across the examined Member States generally consider that the introduced trade denominations have had a positive impact by fixing a threshold at eight months for veal, which makes the veal produced in different Member States a more homogeneous product. According to some stakeholders, there is still some confusion about trade denominations in the case of meat of young cattle aged eight to twelve months, due to the adoption of different terms in the different Member States, (e.g. the use of “rosé veal” in the Netherlands could be misleading).

In spite of contributing to more transparent and clearer exchanges of information between industry operators, the introduction of trade denominations and related labelling did not lead to better information offered to the consumer (Indicator n°1).

Data directly collected from consumers in France, Italy and Germany (focus groups) clearly indicate that the age of the animal at slaughter has very little importance or none at all for them (Indicator n°2).

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**10.2. Impact of labelling on consumer purchase decisions**

As previously presented in EQ n°1, the available consumption data show a progressive decrease of veal purchase for domestic consumption across all the examined Member States, with Germany being the only exception. The reasons for a decreasing veal consumption though are not related in any way to the introduction of the new marketing standards for veal < eight months, but are rather to be found in the increase in meat prices, in turn due to higher production costs (i.e. feed costs) and, at the same time, in the diminished purchasing power of the consumers due to the economic crisis. In general, the downward trend in veal consumption mirrors the more general long-term decrease in meat consumption, probably also related to perceived health issues.

Taking into account the above considerations with respect to unchanged patterns of veal consumption after the reform, in the following sections we will complete the analysis so as to assess the impact of labelling on consumer purchase decisions.

Again, the analysis is based on information collected through the focus groups conducted in Italy, France and Germany. Firstly, we will assess the consumer knowledge and expectations about the product (i.e. veal) and the consumer awareness of the introduced trade denominations and related labelling requirements. Here, we assume that this awareness is part of the purchase decision.
10.2.1. Indicator n°3 - Consumer knowledge, preferences and expectations with respect to veal

The same or very similar elements have emerged from the focus groups in Italy, France and Germany as to knowledge, preferences and expectations with respect to veal:

- Veal is mostly recognised as such because of the colour (white or mildly rosé meat as opposed to beef) and, partly also because of its texture (i.e. texture distinguishing veal meat from other white meat such as chicken). Interestingly, in all three countries consumers taking part in the focus groups mentioned the fact that they relied on the suppliers (either traditional butchers or the supermarkets) to provide them with the right meat and trusted them to do so;

- Veal purchase is often related to the preparation of specific dishes, for example vitello tonnato in Italy (veal topped with a tuna cream), meatloaves, Wiener Schnitzel, etc. The preparation of a special dish also seems to justify the purchase of meat that is usually more expensive than other white or red meat;

- Similarly, it is often reported by focus group participants that because of its higher price, veal is not purchased on a regular basis, but only for special occasions or specifically for children and the elderly as it is perceived to be more tender and better digestible than other types of meat (namely, in Italy);

- Conversely, the main reason for the consumers’ reluctance to buy veal which has emerged from focus groups in Germany and Italy is that veal is not perceived as tasty as beef. Italian consumers also express concern about the healthiness of veal (potential presence of hormones and antibiotics);

- When choosing veal, consumers mainly expect the meat to be white (especially in Italy and Germany, whereas in France rosé veal is also appreciated), tender, a healthier alternative to other types of meat, mild in flavour, with no externally visible fat (the latter is especially true in Germany).

10.2.2. Indicator n°4 - Consumer awareness of trade denominations and labelling requirements for veal

Focus group participants in Italy, France and Germany were asked what they knew about meat labelling (veal, specifically) and what information they thought was compulsory on labels.

In both focus groups conducted in Italy (Rome and Bologna), the spontaneous recall of existence and content of meat labels was rather vague and mostly inaccurate. Labels are present on pre-packed meat cuts in supermarkets, but generally absent at traditional butchers’. When prompted, the participants mentioned the following information: type of meat (beef, veal, etc.), type of cut, origin, weight, price, place of slaughter.

The current legislation for labelling requirements was basically unknown to the two groups, with the requirement to have some mandatory information on the label being better known by focus group participants in Rome than in Bologna. However, careful observation of the labels is not usual, both due to haste when buying, and because of underlying trust in the supplier: ‘If there is trust, no need to have too much information, even for what concerns traceability’. On the other hand (especially in the Bologna group), there was widespread belief that supermarkets have effective quality control systems (also to prevent damage to their image in case of problems). Meat origin appears to play an important role and the Italian origin emerged as a factor influencing their choice positively for the majority of the participants in the two focus groups.

Focus group participants knew that mandatory labelling information must be displayed on meat (with better knowledge in Rome than in Bologna), but they were not sure what this had to include. However, they were aware that compulsory information should be related to the traceability of the product.

Almost nobody knew any veal brand, nor did they recall seeing any quality label. However, the issue of quality, mainly understood as meat ‘healthiness’ and ‘safety’, was strongly felt especially by the group in Rome.
Focus groups participants in France (Bordeaux and Paris) seemed to have a fairly good knowledge (better than Italians) of the elements listed on veal labels and spontaneously mentioned the following: type of cut, price, origin, weight, date of slaughter, age at slaughtering. Similarly to what emerged in Italy, French participants appeared to place great trust in their suppliers (especially butchers), which constituted a substitute for labelling information. Therefore, as the consumers trusted their suppliers, the information placed on labels lost its importance. There were some differences between the two groups with respect to the importance placed on the type of information displayed for meat: in Bordeaux, type of meat cut and price emerged as most important, whereas in Paris, origin together with type of meat cut seemed to be the most important, with price playing a much less significant role.

Knowledge of quality schemes appeared as sketchy in both French focus groups, with only few participants spontaneously mentioning the most important veal quality schemes (veau de l’Aveyron and veau du Ségala). All in all, participants did not appear to be very familiar with veal quality schemes, however they knew the Label Rouge and unanimously perceived it as the best quality guarantee for meat.

In Germany (Cologne and Stuttgart) too, the focus group participants’ knowledge of what information is placed on veal labels and what the labelling requirements are appears to be very low. None of the participants knew that there is an age limit for veal. When purchasing meat, German consumers appear to base their judgement on their visual inspection of the cut and very little other information such as “consume by date”. None of the participants in either focus group knew any veal brand.

Interestingly, when asked how important label information is (including age and origin of the animal) when purchasing veal, answers suggested that what matters most is trust in the supplier (in particular, traditional butchers). Thus, similarly to what observed in France and Italy, trust in the supplier substitutes for label information in Germany.

In conclusion, the information gathered through focus groups in the three considered Member States suggests that the average consumer has a rather low level of knowledge (and often inaccurate) about labelling requirements and no knowledge at all of the trade denominations introduced by the reform of beef and veal marketing standards. With respect to overall labelling requirements, French consumers appear to be slightly more knowledgeable than Italian and German consumers.

One element that emerges as important, in all three Member States, is that, most of the time, trust in the supplier tends to substitute labelling information.

10.2.3. Indicator n°5 - Impact of labelling information on purchase decisions

It has emerged quite clearly from the focus groups in Italy, France and Germany that:

- Consumers have very little or incomplete or, again, rather inaccurate knowledge of the information provided on meat labels and are generally not aware of what mandatory information labels must contain;
- Consumers are not aware of the new trade denominations and labelling requirements for veal and young cattle meat from bovine animals < twelve months introduced in 2008;
- The rearing/feeding systems and age at which calves are slaughtered are not relevant to consumers and in some cases, consumers stated that they did not want to know because of ethical reasons, as calves are young animals (Germany: “calves are babies”);
- Labelling does not seem to have a paramount impact on consumer perception of veal (and meat in general) and, therefore, does not appear to have an important impact on purchase decisions;
- The decision to purchase veal is largely based on prior experience, visual inspection of the product (colour, presence of fat, perceived tenderness) and trust in the supplier to provide a good quality meat cut;
• Beside colour, fat and perceived tenderness, the attributes that consumers pay attention to when purchasing veal are price and origin.

The elements above were confirmed by information collected from industry representatives, retailers and consumer organisations. In spite of the indication of “age at slaughtering” on labels of pre-packed meat, consumers have not been directly informed about the new denominations.

The following table aims at summarising the main differences highlighted in the perceptions and knowledge of the consumers taking part in the focus groups in France, Italy and Germany.

Table 50 - Summary of consumer perceptions and knowledge of veal and marketing standards

<table>
<thead>
<tr>
<th>Characteristics that identify veal</th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colour</td>
<td>Bordeaux</td>
<td>Paris</td>
<td>Rome</td>
</tr>
<tr>
<td>Texture</td>
<td>Colour</td>
<td>Colour</td>
<td>Colour</td>
</tr>
<tr>
<td>Perceived positive attributes of veal</td>
<td>Taste</td>
<td>Tenderness</td>
<td>Tenderness</td>
</tr>
<tr>
<td>Rosé colour</td>
<td>Colour</td>
<td>Taste</td>
<td>Healthiness</td>
</tr>
<tr>
<td>Perceived negative attributes of veal</td>
<td>Loss of water when cooking (suspected presence of hormones)</td>
<td>Loss of water when cooking (suspected presence of hormones)</td>
<td>Ethical factors (1)</td>
</tr>
<tr>
<td>Spontaneous recollection of label information</td>
<td>Fairly detailed overall, not always accurate</td>
<td>Partial</td>
<td>Partial</td>
</tr>
<tr>
<td>Information on label affecting purchase decision</td>
<td>Type of cut + price</td>
<td>Type of cut + domestic origin</td>
<td>Domestic origin</td>
</tr>
<tr>
<td>Knowledge of marketing standards for veal &lt;8 months</td>
<td>Not aware</td>
<td>Not aware</td>
<td>Not aware</td>
</tr>
</tbody>
</table>

(1) As one Focus Group participant puts it: 'Calves are babies'. Source: AND International (focus groups)

MAIN FINDINGS OF SUBQUESTION N° 2

Impact of labelling on consumer purchase decisions

Veal is not purchased on a regular basis, but only for special occasions, for the preparation of particular dishes or specifically for children and the elderly as it is perceived to be more tender and more easily digestible than other types of meat. These reasons justify the purchase of this type of meat, which is more expensive compared to other types (Indicator n°3).

Consumers generally have very little or incomplete or, again, rather inaccurate knowledge of the information provided on meat labels and they are, in most cases, not aware of what mandatory information labels must contain (although the French appear to be slightly more knowledgeable than the Italians and the Germans). In each of the three countries where focus groups were conducted, the consumers were not at all aware of the new trade denominations and labelling requirements for veal and young cattle meat < twelve months introduced in 2008 (Indicator n°4).

The decision to purchase veal is largely based on prior experience, visual inspection of the product (colour, presence of fat, perceived tenderness) and trust in the supplier to provide a good quality meat cut, rather than on label information. Beside colour, fat and perceived tenderness, the attributes that consumers pay attention to when purchasing veal are price and origin (Indicator n°5).
10.3. Evaluation judgement

Evaluation question n°6 firstly examined the views of retailers and consumer associations as to the relevance of trade denominations and labelling requirements for veal and young cattle meat. It then analysed the effects of the new marketing standards on consumers in terms of their understanding of the information provided, the confidence they have in the truthfulness of this information, and the impact of all these factors on their meat purchase decisions.

The first part of the analysis is mostly based on information collected directly from retailers and consumer organisations through interviews in the case study countries. The second part of the analysis entirely relies on the results of six focus groups organised in France (Bordeaux and Paris), Italy (Rome and Bologna) and Germany (Stuttgart and Cologne).

1) Views of retailers, consumer organisations and consumers about the relevance of the trade denominations and labelling requirements for veal and young cattle meat

The stakeholders interviewed across the examined Member States generally consider that the introduced trade denominations have had a positive impact by fixing a threshold at eight months for veal, which makes the product more homogeneous across the different Member States. Despite its contribution to a more transparent and clearer exchange of information between industry operators, the introduction of trade denominations and related labelling did not entail the provision of better information directly to the consumer. In synthesis, the introduced marketing standards and related labelling can be considered as globally effective in providing greater product transparency and also better assurance of product traceability (i.e. risk management) for the consumer, however the consumer is still unaware of these provisions.

Information directly collected from consumers in France, Italy and Germany (focus groups) clearly indicates that the age of the animal at slaughter has very little importance or none at all for them.

2) Impact of the new marketing standards and related labelling on consumer purchase decisions

The evidence collected through the six focus groups in France, Italy and Germany suggests that the labelling provided in the veal and young cattle marketing standards does not influence the consumer perceptions of veal meat. Therefore, the objective of providing better information to the consumer, as set out in the veal and young cattle meat marketing standards, has not been achieved. The evidence shows that consumers are not aware of the existence of new marketing standards for the meat of veal and young cattle aged less than twelve months, therefore they are not able to use that knowledge when making their purchase decisions.

The decision to purchase veal is largely based on prior experience, visual inspection of the product (colour, presence of fat, perceived tenderness) and trust in the supplier, rather than on label information. Beside colour, fat and perceived tenderness, the attributes that consumers pay attention to when purchasing veal are price and origin and their main concerns are the guarantee of the product safety/healthiness and origin.

The little attention consumers pay to information on labels appears to be at least partly related, on the one hand, to the fact that meat purchase is a “habit purchase” not requiring search for particular information and, on the other hand, to the trust placed by consumers in the supplier. In the case of traditional butchers, consumers place personal trust in the individual (i.e. the butcher) to provide them with the expected quality level. In the case of a supermarket, trust is placed in a “system” that is perceived by consumers to be there to guarantee product safety and quality (and also to prevent loss of image for the retail chain in case of problems).
11. EQ n°7: To what extent have the veal and young cattle marketing standards been coherent with other relevant CAP measures?

Coherence must notably be analysed with regard to:

- EU quality schemes applied under Council Regulation (EU) No 1151/201252, in particular concerning the co-existence on the internal market of the veal and young cattle meat products with PDO\(^{53}\)/PGI\(^{54}\)/TSG\(^{55}\) indications and other veal and young cattle meat products;
- The bovine carcass classification system applied under Commission Regulation (EC) n°1249/2008\(^{56}\);
- Beef labelling rules applied under Regulation (EC) n°1760/2000\(^{57}\).

**Key terms**

In the framework of EQ n°7, coherence is defined as positive convergence (that is the absence of contradictions, of mutual cancellation of effects and the existence of complementarities between two programmes) between the Regulation and the other CAP regulations listed above. Analyses of coherence classically rely on the assessment of the degree of consistency between the objectives of the regulations, and on the analysis of complementarity in the implementation of the measures defined by each regulation.

**Understanding of the question**

a) Coherence with PDO/PGI/TSG schemes

Regulation (EC) n°1151/2012 defines the EU framework for the registration of products under PDO, PGI and TSG. These products must comply with the specifications validated at national and EU levels in order to benefit from a legal protection. 39 denominations are registered in the bovine sector\(^{58}\) (these are PDOs and PGIs only, as there are no TSGs registered in the bovine sector). According to a study carried out by AND-I for DG AGRI in 2012 on the value of products protected by a geographical indications (GIs)\(^{59}\), total sales for PDOs/PGIs for bovine meat products accounted for 104,615 t and 569 million EUR in 2010.

Only eight out of thirty-nine denominations registered in the bovine sector are covered by the Regulation on veal and young cattle meat marketing standards, as the Regulation only applies to PDOs and PGIs registered after June, 29\(^{th}\) 2007.

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52 Regulation (EU) n°1151/2012 of the European Parliament and the of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs
53 PDO: protected designation of origin
54 PGI: protected geographical indication
55 TSG: traditional speciality guaranteed
56 Commission Regulation (EC) n°1249/2008 of 10 December 2008 laying down detailed rules on the implementation of the Community scales for the classification of beef, pig and sheep carcases and reporting of the prices thereof
57 Regulation (EC) n°1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products
58 Source: DOOR, September 2013
59 Source: Value of production of agricultural products and foodstuffs, wines, aromatised wines and spirits protected by a geographical indication (GI), 2012, AND International for the DG Agri.
Three categories of PDOs/PGIs use the same terms as in the Regulation:

- Sales descriptions defined in the Regulation for veal: ‘Veau d’Aveyron et du Ségala’; ‘Veau du Limousin’; ‘Vitela de Lafões’;
- Sales descriptions defined for young bovines: ‘Ternera Asturiana’; “Ternera de Navarra”; ‘Ternera de Extremadura’; ‘Ternera Gallega’;
- Sales descriptions that can be used for veal, young bovines or animals over twelve months: ‘Vitellone bianco dell’Appennino Centrale’, ‘Welsh Beef’; ‘Scotch Beef’; ‘Orkney beef’.

Furthermore, each GI may cover several categories of animals depending on the GI specifications. Among the 39 PDOs and PGIs:

- 17 only correspond to animals over twelve months (e.g. PGI ‘Vadehavsstude’ in Denmark);
- 3 only correspond to animals aged twelve months or less (e.g. PGI ‘Veau du Limousin’ in France);
- 19 refer to animals aged twelve months or less and animals over twelve months (ex: PGI ‘Bayerisches Rindfleisch / Rindfleisch aus Bayern’ in Germany).

Thus, the analysis of the coherence of the Regulation with PDO and PGI schemes will not only take into account the name registered as a particular GI, but also the different categories of meat marketed under a particular GI. As an example, for the PGI ‘Carne de Ávila’ (ES), coherence must not only focus on the use of the term ‘Carne de Ávila’, but also on the different categories of products defined in the specifications and which are part of the sales descriptions: ‘Ternera’, ‘Añojo’ and ‘Novillo’. The analysis relies on:

- The identification of PDOs and PGIs using the sales descriptions defined in the Regulation for bovines aged eight months or less and bovines from eight to twelve months old, and of the products covered by these schemes.
- The identification of PDOs and PGIs covering, exclusively or not, bovines aged eight months or less and between eight and twelve months old, and of the corresponding sales descriptions.

The importance of the situations in which PDO and PGI products are coherent or not coherent with the Regulation will be estimated by calculating the economic weight of these two categories of products.

b) Coherence with the carcass classification system

The carcass classification system defined in Regulation (EC) n°1249/2008 does not consider veal and young bovine carcasses but only carcasses of adult bovines, that is, animals whose live weight is higher than 300 kg. Member States could decide to use this classification based on age criteria instead of live weight criteria, the minimum slaughtering age being twelve months. This carcass classification is based on conformation (codification SEUROP) and on fat cover (codification from 1 to 5) 60.

Thus, over the examination period, no EU schemes for the classification of carcasses were in place for bovines aged twelve months or less and Member States were able to implement their own systems. Therefore EQ n°7 aims at analysing to what extent the exclusion of carcasses of veal and young cattle from the system laid down by Regulation (EC) n°1249/2008 is coherent with the good functioning of the internal market of veal and young bovines?

It has to be noted that the situation changed with the adoption of Regulation (EU) n°1308/2013 which established that the classification for carcasses from adult animals must also be applied to carcasses of animals slaughtered between eight and twelve months old.

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60 Conformation: S: Superior; E: Excellent; U: Very good; R: Good; O: Fair; P: Poor.
c) Coherence with the identification and registration of bovine animals and beef origin labelling

Covering all categories of bovines, Regulation (EC) n°1760/2000 was implemented following the bovine spongiform encephalopathy (BSE) crisis. It established a system for the identification and registration of bovines including:

- ear tags for the individual identification of animals;
- computerised databases;
- passports for animals;
- registers in each holding.

This regulation also defines labelling rules for bovine meat-based products at each stage of the marketing chain. Specific rules are defined for the implementation of a compulsory labelling system which guarantees the relation between the carcass, the quarter and the pieces of meat on the one hand, and the animal or group of animals on the other. This labelling also allows the identification of the country of birth and the country(ies) where the fattening and slaughter took place.

Annex VII of the Regulation states that the carcass classification of categories V and Z of bovines aged twelve months or less must be carried out on the basis of information contained in the passport accompanying the bovines. Failing this, it must be on the basis of the data contained in the computerised database provided for in Article 5 of Regulation (EC) n°1760/2000. Thus, this last Regulation plays a central role in the implementation of the Regulation covered by this study.

In the framework of this question, the objective will be to analyse to what extent Regulation (EC) n°1760/2000 is used to implement the classification and the registration required in the Regulation on veal and young cattle marketing standards.
**Judgement criteria and indicators**

The following table presents our judgement criteria, with several indicators for each, and the sources and their limits.

Table 51 - Judgement criteria and indicators for EQ no 7

<table>
<thead>
<tr>
<th>Sub-questions</th>
<th>Judgement criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>To what extent are veal and young cattle marketing standards coherent with PDOs/PGIs in the bovine sector, registered or not before June 29th 2007?</td>
<td>PDOs and PGIs registered before June 29th 2007, or not, comply with the Regulation.</td>
<td>Slaughtering age defined in the specifications of the PDOs/PGIs and coherence with the Regulation. Economic importance of PDOs and PGIs with sales descriptions non coherent with the Regulation.</td>
<td>PDO/PGI specifications (DOOR, DG AGRI). Study 'Value of production of agricultural products and foodstuffs, wines, aromatised wines and spirits protected by a geographical indication (GI)'. National statistics on PDOs and PGIs.</td>
<td>Availability of data on veal for PDOs/PGIs when it accounts for a part of the total sales. Availability of 2011 and 2012 data in some Member States.</td>
</tr>
<tr>
<td>To what extent is the exclusion of veal and young cattle carcasses from the system laid down by Regulation (EC) n°1249/2008 coherent with the good functioning of the internal market of veal and young bovines?</td>
<td>Classification systems for bovines aged twelve months or less are homogeneous between Member States and with the system implemented for adult bovines.</td>
<td>Comparison of the classification systems for bovines aged twelve months or less in the different Member States. Comparison of these systems with the one used for adult bovine.</td>
<td>National regulation for carcass classification of bovines aged twelve months or less. Survey among national authorities, operators, control bodies.</td>
<td>/</td>
</tr>
<tr>
<td>To what extent does the implementation of Regulation (EC) n°1760/2000 on identification, registration and labelling facilitate the implementation of the Regulation?</td>
<td>The implementation of Regulation (EC) n°1760/2000 facilitates the implementation of the Regulation.</td>
<td>Importance of the livestock using passports for animals or computerised databases (defined in Regulation (CE) n°1760/2000) for the identification of the age of veal and young bovines.</td>
<td>Survey among national authorities, operators, control bodies.</td>
<td>Availability of data for the labelling system implemented in the framework of Regulation (EC) n°1760/2000.</td>
</tr>
</tbody>
</table>
11.1. **To what extent are the veal and young cattle marketing standards coherent with PDOs/PGIs registered in the bovine sector**

11.1.1. **Indicator n°1: Slaughterage defined in the specifications of the respective PDOs/PGIs**

Thirty-nine PDOs/PGIs are registered in the bovine sector in the EU: twelve in Portugal, eleven in France, nine in Spain, three in the United Kingdom and one in Germany, Denmark, Hungary and Italy. Economically speaking, the most important Member States are the UK (52% of the total turnover of the thirty-nine GIs registered in the bovine sector at EU level) and Spain (31%)<sup>61</sup>. Among these thirty-nine PDOs/PGIs, only eight are covered by the Regulation on veal and young cattle marketing standards, as only those were registered after June 29<sup>th</sup> 2007. Moreover, only one out of these eight GIs corresponds solely to bovines aged less than twelve months: ‘Bayerisches Rindfleisch / Rindfleisch aus Bayern’.

**Considering only the name registered in the GIs**, out of the thirty-nine PDOs/PGIs existing in the bovine sector:

- **Three GIs use the sales descriptions from the Regulation for bovines aged eight months or less**: ‘Vitela de Lafões’ PGI (PT), ‘Veau d’Aveyron et du Ségala’ PGI (FR), ‘Veau du Limousin’ PGI (FR).
- **Eight GIs use the sales descriptions from the Regulation for eight to twelve month old bovines**: ‘Vitellone bianco dell’Appennino Centrale’ PGI (IT), ‘Ternera Asturiana’ PGI (ES), ‘Ternera de Extremadura PGI (ES), ‘Ternera de Navarra / Nafarroako Aratxea’ PGI (ES), ‘Ternera Gallega’ PGI (ES), ‘Orkney beef’ PDO (UK), ‘Scotch Beef’ PGI (UK), ‘Welsh Beef’ PGI (UK). None of these GIs is covered by the Regulation because of their year of registration.
- **Twenty-eight GIs use none of the sales descriptions from the Regulation for veal and young cattle. Out of these twenty-eight GIs, ten GIs concern veal and/or young cattle according to the specifications** (these GIs include a range of products from animals of different ages, among veal and/or young cattle): ‘Bayerisches Rindfleisch / Rindfleisch aus Bayern’ PGI (DE), ‘Carnaletesiana’ PDO (ES), ‘Carne Arouquesa’ PDO (ES), ‘Carne Barrosã’ PDO (PT), ‘Carne Cachena da Peneda’ PDO (PT), ‘Carne da Charneca’ PDO (PT), ‘Carne dos Açores’ PGI (PT), ‘Carne Maronesa’ PDO (PT), ‘Carne Mertolenga’ PDO (PT), ‘Carne Mirandesa’ PDO (PT).

As previously mentioned, each GI may cover more than one category of products. For the analysis of the consistency between the sales descriptions defined in the Regulation and the sales descriptions defined in the GIs specifications, we will retain not only the names registered as GIs (ex: ‘Welsh Beef’, ‘Carne da Charneca’…), but also the categories defined in the GI specifications which may also be used as sales descriptions.

For example, PGI ‘Carne de Ávila’ covers ‘Ternera’, ‘Añojo’ and ‘Novillo’ as defined in the specifications. Indeed, several cases in which these categories were part of the sales descriptions for consumers (for instance: ‘Carne Arouquesa’<sup>62</sup>, ‘Carne dos Açores’<sup>63</sup>, ‘Carne de Ávila’<sup>64</sup>) have been identified.

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<sup>61</sup> Source: DOOR (September 2013) and ‘Value of production of agricultural products and foodstuffs, wines, aromatised wines and spirits protected by a geographical indication (GI), 2012, AND International for the DG Agri’.

<sup>62</sup> Source: [http://anca.pt/carne.htm](http://anca.pt/carne.htm)

<sup>63</sup> Source: [http://www.faa.pt/art_carne_acores.pdf](http://www.faa.pt/art_carne_acores.pdf)

<sup>64</sup> Source: [http://www.carnedeavila.org/es/sistema-de-etiquetado/](http://www.carnedeavila.org/es/sistema-de-etiquetado/)
Considering all the products covered by the thirty-nine GIs in the bovine sector:

- **Eight GIs are covered by the Regulation:**
  - The sales descriptions of each of these eight GIs are coherent with the Regulation (see Table 52).

- **Thirty-one GIs are not covered by the Regulation:**

  The sales descriptions of seventeen GIs are coherent with the Regulation and only 6 out of them cover, animals aged twelve months and less among other types of animals (see Table 53). It has to be noted that the term ‘vitellone’ for the PDO ‘Vitellone bianco dell’Appennino Centrale’ can be used for animals slaughtered between twelve and twenty-four months. Defined for meat from animal slaughtered between eight and twelve months in the EU Regulation, this term is allowed for meat from animals slaughtered between twelve and twenty-four months with the addition of the terms ‘bovino adulto’ and if the meat is produced under a voluntary labelling protocol approved by the Italian Ministry of Agriculture (Circular n°2 of 24/07/2008). This is due to the fact that, in Italy, the market knows ‘vitellone’ as meat from animals approximately aged less than eighteen months and, as a consequence, this traditional denomination has been maintained subject to the conditions above mentioned.

  - The sales descriptions of fourteen GIs are partially non coherent with the Regulation (see Table 54):
    - **Spain:**
      - the term ‘Ternera’ (intended for animals between eight and twelve months only) is used for:
        - animals slaughtered before eight months: ‘Ternera de Extremadura’;
        - animals slaughtered after twelve months: ‘Carne de la Sierra de Guadarrama’;
      - sales descriptions, not defined in the Regulation, are used for meat from animals between eight and twelve months: ‘Ternera Gallega’ as regards the term ‘Añojo’ and ‘Ternera de Navarra ; Nafarroako Aratxea’ as regards the term ‘ternero’.
    - **France:** the term ‘veau’ is used for animals aged more than eight months for the ‘Veau d’Aveyron et du Ségala’.
    - **Portugal:** the specifications of nine GIs are partially not coherent with the Regulation. This concerns:
      - the use of the term ‘Vitelão’ for animal younger than eight months or older than twelve months: ‘Carnalentejana’;
Table 52 - Coherence between GI specifications and the Regulation for GIs covered by the regulation (GIs registered after the June 29th of 2007)

<table>
<thead>
<tr>
<th>MS</th>
<th>Designation</th>
<th>PDO / PGI</th>
<th>Reg. year</th>
<th>Covered by the Regulation</th>
<th>Animal age in the GI specifications</th>
<th>Coherence with the Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE</td>
<td>‘Bayerisches Rindfleisch / Rindfleisch aus Bayern’</td>
<td>PGI</td>
<td>2011</td>
<td>Yes</td>
<td>‘Kalb’: 8 months and less ‘Jungrind’: 8-12 months ‘Rind’: more than 12 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Boeuf de Bazas’</td>
<td>PGI</td>
<td>2008</td>
<td>Yes</td>
<td>‘Génisse’: 30-38 months ‘Vache’: 36-108 months ‘Bœufs’: 36-60 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Boeuf de Vendée’</td>
<td>PGI</td>
<td>2011</td>
<td>Yes</td>
<td>30-96 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Fin Gras/ Fin Gras du Mézenc’</td>
<td>PDO</td>
<td>2013</td>
<td>Yes</td>
<td>24 months and more</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Génisse Fleur d’Aubrac’</td>
<td>PGI</td>
<td>2010</td>
<td>Yes</td>
<td>24-42 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>HU</td>
<td>‘Magyar szürkemarha hús’</td>
<td>PGI</td>
<td>2011</td>
<td>Yes</td>
<td>Adult</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Maine – Anjou’</td>
<td>PDO</td>
<td>2010</td>
<td>Yes</td>
<td>‘Vache’: 10 years maximum ‘Mâles castrés’: more than 30 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>DK</td>
<td>‘Vadehavsstude’</td>
<td>PGI</td>
<td>2012</td>
<td>Yes</td>
<td>Between 18 and 30 months</td>
<td>Coherent</td>
</tr>
</tbody>
</table>

Source: AND-I based on DOOR, DG AGRI
Table 53 – Cases of coherence between GI specifications and the Regulation for GIs non-covered by the regulation (GIs registered before June 29th of 2007)

<table>
<thead>
<tr>
<th>MS</th>
<th>Designation</th>
<th>PDO / PGI</th>
<th>Reg. year</th>
<th>Covered by the Regulation</th>
<th>Animal age in the GI specifications</th>
<th>Coherence with the Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES</td>
<td>‘Carne de Ávila’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>‘Ternera’: 12 months</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Añojo’: 12-24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Novillo’: 24-48 months</td>
<td></td>
</tr>
<tr>
<td>ES</td>
<td>‘Carne de Cantabria’</td>
<td>PGI</td>
<td>2004</td>
<td>No</td>
<td>‘Ternera’: 12 months</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Añojo’: 12-24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Novilla’: 24-40 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Buey’: 24 months</td>
<td></td>
</tr>
<tr>
<td>ES</td>
<td>‘Carne de Morucha de Salamanca’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>‘Ternera’: 12 months</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Añojo’: 12-18 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Novillo’: 18-30 months</td>
<td></td>
</tr>
<tr>
<td>ES</td>
<td>‘Carne de Vacuno del País Vasco/Euskel Okela’</td>
<td>PGI</td>
<td>2004</td>
<td>No</td>
<td>‘Zaharra’: 24-84 months</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Idia’: 24-59 months</td>
<td></td>
</tr>
<tr>
<td>ES</td>
<td>‘Ternera Asturiana’</td>
<td>PGI</td>
<td>2004</td>
<td>No</td>
<td>‘Ternera’: 12 months</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Añojo’: 12-18 months</td>
<td></td>
</tr>
<tr>
<td>FR</td>
<td>‘Bœuf charolais du Bourbonnais’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>30 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Bœuf de Chalosse’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>30 months - 9 years</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Bœuf du Maine’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>More than 30 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Taureau de Camargue’</td>
<td>PDO</td>
<td>2001</td>
<td>No</td>
<td>More than 18 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Veau du Limousin’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>3-5 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>IT</td>
<td>‘Vitellone bianco dell’Appennino Centrale’</td>
<td>PGI</td>
<td>1998</td>
<td>No</td>
<td>12-24 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne de bovino Cruzado dos Lameiros do Barroso’</td>
<td>PGI</td>
<td>2002</td>
<td>No</td>
<td>‘Vaca’: 24 months and more</td>
<td>Coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne Marinhoa’</td>
<td>PDO</td>
<td>1996</td>
<td>No</td>
<td>‘Vitela’: 8 month</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Vitelão’: 8-12 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Novilho’: 12-30 months,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>‘Vaca’ / ‘Touro’: more than 30 months</td>
<td></td>
</tr>
<tr>
<td>PT</td>
<td>‘Vitela de Lafões’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>5-8 months</td>
<td>Coherent</td>
</tr>
<tr>
<td>UK</td>
<td>‘Orkney beef’</td>
<td>PDO</td>
<td>1996</td>
<td>No</td>
<td>Not defined</td>
<td>Coherent</td>
</tr>
<tr>
<td>UK</td>
<td>‘Scotch Beef’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>Not defined</td>
<td>Coherent</td>
</tr>
<tr>
<td>UK</td>
<td>‘Welsh Beef’</td>
<td>PGI</td>
<td>2002</td>
<td>No</td>
<td>24-48 months</td>
<td>Coherent</td>
</tr>
</tbody>
</table>

Source: AND-I based on DOOR, DG AGRI
Table 54 – Cases of non coherence between GI specifications and the Regulation for GIs non covered by the regulation (GIs registered before June 29th of 2007)

<table>
<thead>
<tr>
<th>MS</th>
<th>Designation</th>
<th>PDO / PGI</th>
<th>Reg. year</th>
<th>Covered by the Regulation</th>
<th>Slaughtering age in the GI specifications</th>
<th>Coherence with the Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES</td>
<td>‘Carne de la Sierra de Guadarrama’</td>
<td>PGI</td>
<td>2004</td>
<td>No</td>
<td>‘Ternera’: 14 months, ‘Añojo’: 16 months, ‘Cebón’: 18 months</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>ES</td>
<td>‘Ternera de Extremadura’</td>
<td>PGI</td>
<td>2004</td>
<td>No</td>
<td>‘Ternera’: 7-12 months, ‘Añojo’: 12-16 months, ‘Novillo’: 16-36 months</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>ES</td>
<td>‘Ternera Gallega’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td></td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>FR</td>
<td>‘Veau d’Aveyron et du Ségala’</td>
<td>PGI</td>
<td>1996</td>
<td>No</td>
<td>10 months and less</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carnalentejana’</td>
<td>PDO</td>
<td>1996</td>
<td>No</td>
<td>‘Vitela’: 6 months, ‘Vitelão’: 8-13 months, ‘Novilha’ / ‘Novilho’: 13-30 months, ‘Vaca’ / ‘Touro’: more than 30 months</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne Arouquesa’</td>
<td>PDO</td>
<td>1996</td>
<td>No</td>
<td>‘Vitela’: 5-9 months, ‘Novilho’: 9-24 months, ‘Vaca’: 2-4 years</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne Barrosã’</td>
<td>PDO</td>
<td>1996</td>
<td>No</td>
<td>‘Vitela’: 5-9 months, ‘Novilho’: 9-36 months, ‘Vaca’: 3-4 years</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne Cachena da Peneda’</td>
<td>PDO</td>
<td>2002</td>
<td>No</td>
<td>‘Vitela’: 4-9 months, ‘Novilho’: 9-24 months, ‘Vaca’: 2-4 years</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne da Charneca’</td>
<td>PDO</td>
<td>2002</td>
<td>No</td>
<td>‘Vitela’: 6-12 months, ‘Novilho’: 12-30 months, ‘Adult’: 30 months and more</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne dos Açores’</td>
<td>PGI</td>
<td>2003</td>
<td>No</td>
<td>‘Vitela’: 9 months, ‘Novilho’: 9-24 months, ‘Novilha’: 30 months and more</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne Maronesa’</td>
<td>PDO</td>
<td>1996</td>
<td>No</td>
<td>‘Vitela’: 5-9 months, ‘Novilho’: 2-4 years</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne Mertolenga’</td>
<td>PDO</td>
<td>1996</td>
<td>No</td>
<td>‘Vitela’: 6-10 months, ‘Novilho’: 15-30 months</td>
<td>Partially not coherent</td>
</tr>
<tr>
<td>PT</td>
<td>‘Carne Mirandesa’</td>
<td>PDO</td>
<td>1996</td>
<td>No</td>
<td>‘Vitela’: 5-9 months, ‘Novilho’: 10-18 months</td>
<td>Partially not coherent</td>
</tr>
</tbody>
</table>

Source: AND-I based on DOOR, DG AGRI
11.1.2. Indicator n°2: Economic importance of respective PDOs and PGIs

The following analyses are based on the following publicly available data:

- AND-International study for DG AGRI (2012) which gives economic data on GIs in each sector and Member State (2010 data), available on DG AGRI website\(^ {65}\);
- Data from the Spanish Ministry in charge of Agriculture which presents detailed data for each GI in Spain, available on the Ministry website\(^ {66}\);
- Data from the Portuguese Ministry in charge of Agriculture which gives detailed data for each GI in Portugal, available on the Ministry website\(^ {67}\).

GIs registered from 2010 until 2013 are not included in the AND-International study and no economic data are available for them. This concerns seven of the eight GIs which are covered by the Regulation: ‘Bayerisches Rindfleisch / Rindfleisch aus Bayern’ PGI (DE), ‘Boeuf de Vendée’ PGI (FR), ‘Fin Gras/ Fin Gras du Mézenc’ PDO (FR), ‘Génisse Fleur d’Aubrac’ PGI (FR), ‘Magyar szürkemarha hús’ PGI (HU), ‘Maine – Anjou’ PDO (FR), ‘Vadehavsstude’ PGI (DK). Yet, the sales descriptions of these GIs are coherent with the Regulation.

Therefore, the following economic analysis is based on thirty-two GIs. In 2010, the sales value of the GIs registered in the bovine sector accounted for MEUR 569 and the sales volume for 104,615 tonne. Three GIs registered in the United Kingdom represent more than half of sales. Spain is the second Member State in terms of production under GI with 31% of total sales in volume. France ranks third with 8% of sales volume and eleven GIs, followed by Portugal, which only represents 2% of the sales volume with twelve GIs\(^ {68}\).

On the basis of the previous analysis resulting in the lists of GIs ‘coherent’ or ‘partially not coherent’ with the Regulation, we can say that:

- GIs whose sales descriptions are totally coherent with the Regulation account for 77,038 t cwe (74% of the sales volume under GI);
- GIs for which the sales descriptions are partially not coherent with the Regulation account for 27,577 t cwe (26% of the sales volume under GI) (see table n°55).

GIs for which sales descriptions are not fully coherent with the Regulation are located in Spain, France and Portugal. Detailed data for each GI are publicly available from national authorities in Spain and Portugal; an estimate has been performed by AND-I for French data which are not publicly available (‘Veau d’Aveyron et du Ségala’).

\(^{65}\) http://ec.europa.eu/agriculture/external-studies/value-gi_en.htm  
\(^{68}\) Sources: public data from ‘Value of production of agricultural products and foodstuffs, wines, aromatised wines and spirits protected by a geographical indication (GI)’, 2012, AND International for the DG Agri.
Table 55 – Breakdown of sales volume under GI for the bovine sector at EU level with regards to the coherence of sales descriptions with the Regulation

<table>
<thead>
<tr>
<th></th>
<th>Sales volume under PDO / PGI in 2010</th>
<th>% total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coherent</td>
<td>77,038 t cwe</td>
<td>74%</td>
</tr>
<tr>
<td>Partially not coherent</td>
<td>27,577 t cwe</td>
<td>26%</td>
</tr>
<tr>
<td>Total</td>
<td>104,615 t cwe</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: AND-I study for DG AGRI, Ministerio de Agricultura, Alimentación y Medio Ambiente (Spain), Ministério da Agricultura e do Mar (Portugal)

This calculation overestimates the real weight of non coherence cases because all the sales under GI are taken into account even if only a part is sold with a non coherent sales description. The breakdown of sales volume into the different categories (less than eight months old, between eight and twelve months old, twelve months old and more) is not displayed for each GI, but it is available for one of the most important GI, ‘Ternera Gallega’ whose sales description is not fully coherent with the Regulation.

Thus, we can estimate the share of the production which is ‘coherent’ and ‘non coherent’ for ‘Ternera Gallega’:

- The sales volume was equivalent to 16,030 t cwe in 2010\textsuperscript{69} for this GI;
- The non coherence is due to ‘añojo’ sold between ten and twelve months (which, according to the Regulation, should be called ‘ternera’);
- According to the activity report\textsuperscript{70} of the ‘Consejo Regulador’, 99.3% (15,918 t cwe) of the production is made of ‘ternera’ (which means that 99.3% are coherent) and only 0.7% (112 t cwe) is ‘añojo’ (thus only 0.7% is non coherent).

Therefore, considering the detailed data for ‘Ternera Gallega’, at least 89% (77,038 t cwe + 15,918 t cwe = 92,956 t cwe) of the sales volume under GI is coherent with the Regulation and a maximum of 11% (11,659 t) is sold with sales descriptions that are not coherent with the Regulation (see Table 56).

Table 56 – Breakdown of sales volume under GI for the bovine sector at EU level with regards to the coherence of sales descriptions with the Regulation, taking into account detailed data for ‘Ternera Gallega’

<table>
<thead>
<tr>
<th></th>
<th>Sales volume under PDO / PGI in 2010</th>
<th>% total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coherent</td>
<td>92,956 t cwe</td>
<td>89%</td>
</tr>
<tr>
<td>Partially not coherent</td>
<td>11,659 t cwe</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>104,615 t cwe</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: AND-I study for DG AGRI, Ministerio de Agricultura, Alimentación y Medio Ambiente (Spain), Ministério da Agricultura e do Mar (Portugal)


\textsuperscript{70} Source: http://www.terneragallega.com/pdf/informe_castellano.pdf
It is important to bear in mind that 11,659 t cwe is likely to overestimate the weight of non coherent cases because, with the exception for ‘Ternera Gallega’, the total sales volume under GI is taken into account, even if only a share is sold with an incoherent sales description.

These non coherent designations of veal and young cattle meat accounts for a maximum of 3% of the national production of veal and young cattle in Spain (6,242 t cwe out of 200,000 t cwe), a maximum of 1% in France (3,000 t cwe out of 224,000 t cwe) and a maximum of 12% in Portugal (2,417 t cwe out of 20,000 t cwe). At EU level, it accounts for a maximum of 1% of the veal and young cattle production (11,659 t cwe out of 971,000 t cwe).

Table 57 - Maximum share of not coherent production under GI in Spain, France, Portugal and the EU in 2010

<table>
<thead>
<tr>
<th>Volume in t cwe</th>
<th>Maximum of not coherent production under GI</th>
<th>Total production of veal and young cattle</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES</td>
<td>1,624</td>
<td>200,000</td>
<td>3%</td>
</tr>
<tr>
<td>FR</td>
<td>3,000</td>
<td>224,000</td>
<td>1%</td>
</tr>
<tr>
<td>PT</td>
<td>2,417</td>
<td>2,000</td>
<td>12%</td>
</tr>
<tr>
<td>UE</td>
<td>11,659</td>
<td>971,000</td>
<td>1%</td>
</tr>
</tbody>
</table>

1: based on data from Spanish Ministry in Charge of Agriculture  
2: Eurostat  
3: AND-I estimate  
4: based on data from Portuguese Ministry in Charge of Agriculture

During the interviews, stakeholders did not point out cases of non coherence as a hindering fact for the functioning of the internal market. Some stakeholders in France highlighted the fact that it could be considered as unfair competition, but tolerated this situation as it just had a limited weight in the market.

In Spain, non-coherent situations are partly linked to the application of national rules already in place before the implementation of the Regulation; ‘Ternera’ could be used for animals up to fourteen months old. For ‘Ternera Gallega’, the question of adapting specifications to the new Regulation was raised when the reform was implemented, but it was judged unnecessary by the producers and their representatives as animals slaughtered after ten months accounted for a very limited share of the production (only 0.3% of ‘Añojo’).

MAIN FINDINGS IN SUBQUESTION N°1
COHERENCE WITH EU QUALITY SCHEME

Thirty-nine GIs are registered in the bovine sector in the EU. The Regulation only applies to the GIs registered after the 29th of June 2007. Eight GIs are concerned and they all comply with the rules defined in the Regulation (indicator n°1).

For the thirty-one GIs registered before the 29th of June 2007 (not covered by the Regulation):
- The sales descriptions of seventeen GIs are coherent with the Regulation;
- The sales descriptions of fourteen GIs are partially not coherent with the Regulation; this is the case in Spain, France and Portugal (indicator n°1).

However, non-coherence cases have a limited importance, as they represent a maximum of 1% of the production of veal and young cattle meat at EU level. Interviews with stakeholders carried out within the national case studies confirmed that non-coherence situations have not had a significant impact on the internal market (indicator n° 2).
11.2. To what extent is the exclusion of carcasses of veal and young cattle from the system laid down by Regulation (EC) n°1249/2008 coherent with the good functioning of the internal market of veal and young bovines?

Comparison of the classification systems for bovines aged twelve months or less in the different Member States (indicator n°3) and comparison with the one used for adult bovines (indicator n°4).

Carcass classification systems for veal and young cattle in the different Member States are based on EUROP classification with the addition of criteria based on colour. Indeed, colour is a major quality criterion for veal meat and it is necessary for buyers and sellers to assess it.

However, this classification is far from homogeneous between the different Member States and companies:

- In France, a system from Regulation (EC) n°1249/2008 is used for bovines older than eight months because it is assumed that it matches a live weight of 300 kg. For bovines less than eight months old, a national framework has been defined with a codification of conformation (EUROP), fat cover (1 to 5) and meat colour (1 to 4).
- In Belgium, each integrator uses a different system of classification for bovines. Each of them is based on EUROP with the addition of a codification of the colour.
- In the Netherlands, a national classification has been defined by a national organisation (BV CBS). It is based on EUROP classification and it also integrates an assessment of the colour.

Some stakeholders indicated that it could be relevant to define European methods of carcass classification for veal, which would notably be necessary for colour classification. French stakeholders also stated that the different methods of assessing colours in France and in the Netherlands were a constraint (human vs automatic assessment). Other stakeholders considered that there was no need for harmonisation and that buyers were used to the differences of classifications between companies.

11.3. To what extent does the implementation of Regulation (EC) n°1760/2000 on identification, registration and labelling facilitate the implementation of the Regulation?

Indicator n°5: importance of the the passports for animals or the computerised databases (defined in Regulation (CE) n°1760/2000) for the identification of the age of veal and young bovines

Annex VII of the Regulation states that the carcass classification of categories V and Z of bovines aged twelve months or less must be carried out on the basis of information contained in the passport accompanying the bovines. Case studies confirmed the effectiveness of the use of passports for the identification of the age of the animals.

Furthermore, the level of use of IT tools for traceability is high in the EU. Thus, the use of computerised databases (based on article 5 of Regulation (EC) n°1760/2000) is wide in the different Member States for the identification of the age of the animals aged twelve months or less. We can therefore consider that the implementation of Regulation (EC) n°1760/2000 supports the implementation of the Regulation.
### MAIN FINDINGS IN SUBQUESTIONS N°2 AND 3

**COHERENCE WITH REGULATIONS (EC) n°1249/2008 ON CARCASS CLASSIFICATION AND REGULATION (EC) n°1760/2000 ON BEEF IDENTIFICATION, REGISTRATION AND LABELLING**

Adult carcass classification focuses on conformation and fat cover, whereas the main criterion for animals aged twelve months or less (and notably eight months old or less) is the colour of the meat. This criterion is assessed in all Member States for veal carcasses even if it is not defined in any EU regulation. However, this assessment varies in the different Member States, and even companies, with automatic assessment in the Netherlands and human assessment in other Member States. Furthermore, beyond the heterogeneity of the methods of assessing colours, some heterogeneity remains in the classification system: each Member State (or each company in Belgium) has developed its own method for assessing colours (indicators n°3 and 4).

Consequently, the non-application of the classification used for adult bovines’ carcasses to animals slaughtered at twelve months old or less is coherent with the Regulation in the sense that quality criteria for carcass classification are not the same for these two categories of animals as the main criterion for veal and young cattle carcasses is colour.

However, coherence could be strengthened with the definition of a method for assessing the veal carcasses (including the colour of the meat) at European Union level. Moreover, one has to bear in mind that young cattle carcasses are now concerned by the carcass classification system with the implementation of Regulation (EU) n°1308/2013.

The implementation of Regulation (EC) n°1760/2000 is coherent with the Regulation as both regulations have contributed to the identification of the animals and to traceability along the supply chain (indicator n°5).
11.4. Evaluation judgement

Evaluation question n°7 aims at analysing to what extent the Regulation is coherent with other CAP measures, which are:

- PDO/PGI/TSG schemes applied under Council Regulation (EU) n°1151/2012;
- The bovine carcass classification system applied under Commission Regulation (EC) n°1249/2008 for adult bovines;

1) Coherence between the Regulation and PDO/PGI/TSG schemes

Thirty-nine PDOs and PGIs are registered in the bovine sector, no TSG is concerned.

Among these thirty-nine GIs:

- Eight have been registered since June 29th 2007 and are covered by the Regulation. **Each of these GIs complies with the Regulation.**
- Thirty-one GIs were registered before June 29th 2007 and **are not covered** by the Regulation. Among these thirty-one GIs:
  - The sales descriptions of **seventeen GIs are coherent** with the Regulation;
  - The sales descriptions of **fourteen GIs are partially not coherent** with the Regulation. Those PDOs and PGIs are produced in Spain, France and Portugal. They have however a limited importance (estimated at maximum 1% of EU veal and young cattle production) with no impact on the functioning of the internal market according to the stakeholders interviewed in the frame of this study.

2) Coherence between the Regulation and the carcass classification system applied for adult bovines

During the study period, the carcass classification system defined in Regulation (EC) n°1249/2008 did not cover veal and young bovines but only adult bovines’ carcasses (this classification system being based on carcass conformation and fat cover). Thus, there was no EU scheme for the classification of bovines aged twelve months or less, and various systems have been implemented in the different Member States.

The non use of a carcass classification system for veal and young cattle is coherent with the Regulation in the sense that the main criterion for veal carcasses, and to a lesser extent for young cattle carcasses, is colour, which is not assessed for adult carcasses. However, there are different veal carcass classification systems implemented in several Member States or even at company level; these systems are based on EUROP classification with the addition of a colour assessment.

According to some stakeholders coherence could be strengthened with the definition of a method of assessment of the veal carcasses (including the colour of the meat) at European Union level. It should be noted that young cattle meat started to be covered by the carcass classification system since the adoption of Regulation (EU) n°1308/2013.

3) Coherence between the Regulation and beef labelling rules applied under Regulation (EC) n°1760/2000

Regulation (EC) n°1760/2000, which covers all bovines, was implemented following the bovine spongiform encephalopathy (BSE) crisis. It established a system for the identification and registration of bovines; it notably includes computerised databases and passports for animals.
This regulation also defines labelling rules for bovine meat based products at each stage of the marketing chain. Specific rules are defined for the implementation of a compulsory labelling system which guarantees the relation between the carcass, the quarter and the pieces of meat on the one hand and the animal or group of animals on the other.

The carcass classification of categories V and Z of bovines aged twelve months or less must be carried out on the basis of the information contained in the passports accompanying the bovines, and thus, on the basis of the data contained in the computerised databases.

Case studies performed in the framework of this study confirmed the effectiveness of the use of passports for the identification of the age of the animals. Furthermore, computerised databases (based on article 5 of Regulation (EC) n°1760/2000) are widely used in the different Member States for the identification of age of animals less than twelve months old.

The implementation of Regulation (EC) n°1760/2000 is coherent with the Regulation, as both regulations have contributed to the identification of the animals and to the traceability along the supply chain. Thus, the implementation of Regulation (EC) n°1760/2000 supports the implementation of the Regulation.
12. Conclusions and recommendations

12.1. Veal and young cattle meat production chain characteristics

In 2012, the EU veal production represented 646,000 t carcass weight equivalent (t cwe) and the young cattle meat production accounted for 384,000 t cwe. Veal-calves slaughtering is concentrated in a few Member States; France (29%), the Netherlands (28%), Italy (19%), Belgium (8%) and Germany (7%). Young cattle slaughtering is concentrated in Spain (60%), the Netherlands (10%), France (8%), Portugal and Germany.

Veal production is a kind of by-product of the milk industry: newborn calves come mainly from the dairy herd, and the main feed source is milk powder. Nevertheless, the raw material market evolution and animal welfare rules have led integrators and breeders to use more vegetal raw materials in the recent years.

The veal market is a segment of the beef market (8.6%); with higher retail prices and specific consumers, this is a premium segment. EU internal trade in veal represents more than one third of the production. This is due to the fact that ninety percent of the Dutch production is oriented to the markets of other Members States; the Belgian production is also largely destined to be shipped to other Member States.

The veal production is organised by specialised companies, integrators that produce industrial feed, conclude contracts with breeders, operate in slaughterhouses and control a large part of the internal trade. The largest companies are Dutch; some of them have subsidiaries in France, Belgium, Italy and Portugal.

Young cattle meat has been defined by the beef and veal marketing standards reform as meat from carcasses of bovine animals slaughtered between eight and twelve months old. This type of production is the main category used in the Spanish beef industry under the name of ‘ternera’. In the Netherlands, the ‘rosé kalfsvlees’ comes from this type of animal too. In the other Member States meat coming from this kind of carcasses is mainly sold as beef.

12.2. Main evolutions in the beef and veal marketing chain since 2008

Since 2008, date of the introduction of new beef and veal marketing standards, the beef and veal industry has undergone several significant changes.

Concerning the production conditions, the main evolution has been the increase in raw material prices (grain, milk, milk replacers). These changes have affected all the breeding activities; they are the consequences of a high demand in the global markets.

Consequently, production costs and prices for the veal and young cattle meat have also risen, along with costs and prices for meats from all species.

Some products have changed.

Firstly, the Dutch integrators have developed a new type of fattened calves: eight-month-old ‘rosé’ calves fed with grain, rather than milk replacers. This new type of carcasses benefit from two competitive advantages: on the one hand, it can be labelled as veal (according to the new marketing standards) and on the other hand, its production costs are lower than for traditional milk fed calf-veal production.

Secondly, French and German processors have further developed processed products, especially for catering retail channels.

Nevertheless, changes in the Netherlands have a limited impact at EU level (8% of the EU veal market in 2012). The core market is still constituted by white veal, from milk fed calves, sold as fresh meat, to the French, German and Italian consumers. The general trends and characteristics of this specific part of the EU bovine meat market have not changed: prices are relatively high, so demand is slowly falling (with the sole exception of Germany).
The Spanish market is not an important market for veal, but it is very important for bovine meat from animals slaughtered between twelve and fourteen months of age (formerly named 'ternera'). The surge in fodder prices has led fatteners to shorten their production cycles. This adaptation process happened in 2008 and 2009, in the very period of the EU beef and veal marketing standard reform. The name ''ternera'' is now used exclusively for meat from animals eight to twelve months old.

The industry structure has changed too. As the veal market is rather limited, specific and stagnating, company consolidation is a logical evolution. The European leader, a Dutch company, now controls around 25% of the European market, with subsidiaries in Belgium, France, Poland and Portugal. This position has been reinforced over the last years.

At farm level, an ongoing evolution can be noticed, with fewer but larger farms. Nevertheless, the value chain structure and the breeders’ incomes have not significantly evolved.

12.3. Causal relationships linked to the introduction of veal and young cattle meat standards

Development of 'rosé veal'

The implementation of the veal and young cattle meat standards has had an important impact in the Netherlands; the global level of activity reflected by the slaughtering volume has not been affected, but the nature of the production has changed. The Dutch industry has developed a new product category, the 'rosé veal', grain fed, slaughtered under eight months, which matches the reform requirements concerning the age while limiting the costs of production. Thus, the volume of veal (rosé plus traditional milk fed white veal) has increased, while the volume of young cattle meat decreased.

This evolution in the Netherlands, that provides a significant part of veal to the main consuming Member States, has been decisive. In fact, it has allowed ‘young cattle’ breeders to retain their activities, without any further investments, it has allowed integrators and slaughterhouses to provide low-price meat to their usual customers (mainly secondary processors and catering) who accept pink meat but have to label their products as processed veal.

On the other hand, we have concluded that the reform has had almost no impact on the breeders’ incomes; on the number and price of bovine animals aged less than twelve months; on the quantity and price of veal and young cattle meat; on the distribution of value added along the supply chain, and on the veal consumption in the main consuming Member States, for the following reasons.

Breeders’ incomes

Most of veal production is organized in the integraton system, where economic risks are assumed by specialized companies – integrators. Breeders assume technical risks: they have to perform the breeding cycle, while managing the costs other than those for the feed and newborn calves, as low as possible.

Based on the Dutch national FADN database analysis carried by the LEI, a Dutch research institute, family farm income have improved since the reform in the most impacted Member State (the Netherlands). The feeding costs account for 60% of the total production costs and have increased after the implementation of the reform; this change is due to rising raw material prices, and has no causal relationship with the veal marketing standards.

Number and price of bovine animals aged less than twelve months

The bovine animals bred to produce veal or young cattle meat account for 19% of the bovine animals in the EU-27 and for one third of the calves produced by dairy cows. These proportions have not significantly changed since the reform. Most veal-calves are born from dairy cows and we have shown that earnings from newborn calves are marginal for dairy farmers, therefore veal and young cattle meat production does not impact the dairy industry.
We have concluded, from the price data available in Belgium, Spain, France, Italy, Germany and the Netherlands and from stakeholders’ interviews that carcass prices have risen because of the increase in fodder prices. There is no causal relationship with the reform.

Nevertheless, in the Netherlands part of the eight-to-twelve-month-old young cattle products has been replaced by the eight-month-old rosé veal whose producer prices are a bit higher (6 to 7%) than those of eight-to-twelve-month-old calves. Consequently, we can say that the reform has marginally contributed to the rise in average price of veal and young cattle meat in the Netherlands.

**Quantity and price of veal and young cattle meat and veal consumption**

The veal and young cattle meat production volume has not evolved significantly since the reform if we consider the studied Member States with the exception of Spain. In this country, young cattle meat production has risen significantly since 2008, but with no causal relationship to the reform.

The evolution of carcass prices in Belgium, France and the Netherlands tends to show that the actual drivers of carcass prices are feed prices. It appears that the Regulation has not affected the carcass prices of veal and young cattle meat. Due to lack of data, we cannot draw any firm conclusions from the retail price analyses but there is no obvious correlation between the evolution of veal carcass prices and retail prices.

The trends in the veal consumption in France, Italy and Germany (that account altogether for 60% of the EU-27 veal consumption) have not evolved since the reform. Italian and French consumers, who prefer traditional white veal, have been slowly but consistently reducing their purchases, and so have Belgian consumers; the German market has been expanding slowly, due to the evolution of the demand for processed products (in which ‘döner-kebab ranks first).

**Distribution of value added chain along the supply chain**

The analysis of the Dutch national FADN data shows that the costs structure in Dutch farms remained very similar before and after the reform. The changes observed are related to external factors (feed costs, manure management costs) and did not influence the added value/output ratio between the two periods, i.e before and after the reform. The value chain tends to be more and more vertically integrated to cope with the fact that retail prices are more and more disconnected from production costs.

**Functioning of the internal market and control system**

We have demonstrated that the functioning of the internal market has been improved by the reform, as it has brought about more homogeneity and transparency to the economic operators (integrators, slaughterhouses and second processors) concerning their business, by providing a clearer definition of the term ‘veal’. Moreover, the internal trade has not been hampered by the reform as intra-community exports have increased representing almost one third of EU production.

Nevertheless, it has also been pointed out by the stakeholders that in some situations, confusion still remains (in particular, the Dutch denomination for animals more than eight months old still contains the term ‘kalf’ (‘rosé kalfsvlees’)).

If we consider that the stakeholders’ general confidence relies on the control systems’ effectiveness, this is a critical point to be analysed. We have seen, the Member States authorities have implemented multi-annual control plans (MANCP) and that national control systems are coherent.

On the other hand, the reporting of the Member States to the Commission is not sufficient to allow a proper monitoring of the controls of the veal marketing standards. No specific and detailed analysis is offered by the MANCP or in the control reports transmitted each year by the national authorities to the Commission. Available information covers either all food products with
no further details or all kinds of meats and meat products or all kinds of bovine meat, but almost never specifically veal and young cattle meat.

Therefore, based on the available information, we cannot draw a firm judgment on the adequacy of the control system for the veal and young cattle meat marketing standards.

Consumers’ expectations

One of the key issues of the study was the consumer perception and purchasing behaviour. We have conducted this analysis through interviews with consumer associations and through consumer focus groups organised in Italy, Germany and France.

Most of the consumer associations paid little attention to the beef and veal marketing marketing standards reform. The reform was an answer to a request made by the veal industry but the consumers’ expectations were on other matters (sanitary aspects, origin, etc.). Consumer association had no wishes related to the labelling based on the age of the animal. Some of the consumer associations had no particular opinion about veal; when they had, it was about health (how animals are fed), animal welfare or quality indicators (tenderness, freshness...) but not about the age of the animals.

The results of the consumer focus groups show that the age of the animals at slaughter has very little importance or none at all for consumers. The labelling provided in the veal and young cattle marketing standards does not influence the consumer perceptions; consumers are not aware of the existence of new marketing standards. Decision to purchase veal is based on prior experience, visual inspection of the product and trust in the supplier. Beyond concrete characteristics of the meat, consumers’ expectations concern the guarantee of the product safety and of its origin.

Coherence of veal and young cattle meat marketing standards with other CAP measures

We have examined to what extent the veal and young cattle meat standards are coherent with other CAP measures, notably:

- PDO/PGI/TSG schemes applied under Council Regulation (EU) n°1151/2012;
- The bovine carcass classification system applied under Commission Regulation (EC) n°1249/2008 for adult bovines;

In total, thirty-nine PDOs and PGIs are registered in the bovine sector, no TSG is concerned.

Eight out of the thirty-nine geographical indications (GIs) in the bovine sector were registered after June 29th 2007 and were thus covered the veal and young cattle meat standards. They are all fully coherent with the Regulation.

Thirty-one GIs (PDOs and PGIs) were agreed before the implementation of the Regulation, out of which seventeen are coherent with the veal and young cattle meat marketing standards. Fourteen PDOs and PGIs remain not fully coherent with the Regulation; they are produced in Spain, France and Portugal. Their sale designations contain the term ‘veal’ (France), ‘termera’ (Spain) and ‘vitella’ (Portuguese); in all these cases slaughtering age defined in the GI’s specifications are not fully coherent with the Regulation. As all of these GIs concern different types of bovine meat and not only veal and young cattle meat, we can conclude that they are partially not coherent.

An estimate shows that the volume sold under these product designations is no more than 1% of the EU-27 veal and young cattle production.

The non-use of the carcass classification system for veal and young cattle is coherent in the sense that the main criterion for veal carcasses, and to a lesser extent, for young cattle carcasses, is colour, and that is not assessed for adult carcasses.
However, different systems for veal carcass classification have been implemented in several Member States or by private companies; these systems are based on EUROP classification with the addition of an appraisal of the colour of the meat. It should be noted that young cattle meat started to be covered by the carcass classification system since the adoption of Regulation (EU) n°1308/2013.

The implementation of Regulation (EC) n°1760/2000 is coherent with the Regulation, as both regulations have contributed to the identification of the animals and to the traceability along the supply chain. Thus, the implementation of Regulation (EC) n°1760/2000 supports the implementation of the veal and young cattle meat standards. Case studies performed in the framework of this study confirmed the effectiveness of the use of passports and computerised databases (based Regulation (EC) n°1760/2000) for the identification of the age of the animals aged less than twelve months.

12.4. Recommendations

Recommendation 1: search for coherent names from one Member State to another

Our conclusions show that farmers, integrators, meat companies and retailers are generally satisfied with the marketing standards. However, as reflected in the report, certain sales descriptions laid down in the Regulation may still lead to confusion, concerning the age category (e.g. due to the use of term "rosé kalfsvlees" for category Z and at the same time "kalfsvlees" for category V, or due to different approaches applied by different Member States with the same language, such as "rosé veal" and "beef", both used to denominate category Z, or due to the fact that the terms used are not well recognisable by the actors in the chain, such as "jungrindfleish" used for category Z).

For the sake of more clarity and transparency it is recommended to the Member States and the Commission to consider a further review of the sales descriptions laid down in Part I of Annex VII to Regulation (EU) No 1308/2013 in order to:

- ensure more coherence between the definitions of category V and Z;
- ensure more coherence between the descriptions used by different Member States with the same language;
- adjust the descriptions to the terms well recognised by the different actors involved.

Recommendation 2: increase consumer awareness

Interviews with consumer associations and the results of the consumer focus groups show that consumers are not aware of the labelling applied to the veal and young cattle meat, while one of the objectives of the Regulation was to improve consumer information. Therefore, the Commission and the Member States should consider taking appropriate measures to increase consumer awareness on the veal and young cattle meat marketing standards.

Recommendation 3: improve the reporting quality of the control system

As described in the report, controls concerning the marketing standards are carried out by the national authorities and included in the MANCP, however we could not get precise and detailed information from the different reports on the specific results of such controls.

It is recommended to the Member States and to the Commission to review and enhance the control reporting system in order to allow an appropriate assessment of the level of implementation of the veal and young cattle meat marketing standards.